

E1-16037

SEP 9 2008

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB DOCKET NO. AB-1020X

**ENTERED
Office of Proceedings**

SEP - 9 2008

**EAST PENN RAILROAD, LLC
-ABANDONMENT EXEMPTION-
IN BERKS AND MONTGOMERY COUNTIES, PA**

**Part of
Public Record**

PROTEST OF BERKS COUNTY, PA

Submitted By:

John D. Heffner
John D. Heffner, PLLC
1750 K Street, N.W.
Suite 200
Washington, D.C. 20006
(202) 296-3334

Counsel for Berks County

James H. M. Savage, Esq.
1750 K Street, N.W.
Suite 200
Washington, D.C. 20006
(202) 296-3335

Of counsel

Dated: September 9, 2008

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INTRODUCTION

By Decision served August 20, 2008, the Board provided notice of the filing of an unverified Petition for Exemption by East Penn Railroad, LLC ("ESPN"), seeking permission to abandon a line of railroad (the Colebrookdale Branch or simply "The Branch") extending from MP 0.0 in Pottstown, Montgomery County to MP 8.6 in Boyertown, Berks County, all in the Commonwealth of Pennsylvania. See, Map A, annexed hereto as Exhibit Scott-3. The Decision sets September 9, 2008, as the due date for submitting protests.

Berks County, PA ("Berks") protests this abandonment on the grounds that the petition lacks sufficient information for the Board to make a decision. The Petition should be rejected and ESPN required to file a formal application if it wishes to pursue this matter. Berks submits with this Protest as Exhibit A the verified

statement of its County Commission Chairman Mark Scott (hereinafter "Scott VS"), as Exhibit B the verified statement of its expert witness Gary Landrio (hereinafter "Landrio VS"), and as Exhibit C, the verified statement of its shipper witness Rod Martin of Martin Stone Quarries, Inc (hereinafter "Martin VS").

FACTUAL BACKGROUND

Berks is a political subdivision in the Commonwealth of Pennsylvania with a total population of slightly more than 400,000 people as of 2006. Located in the eastern portion of the State, Berks lies to the immediate west of the five county Philadelphia metropolitan area. In terms of land use, Berks presents a mixture of residential, commercial, and light industrial development. Berks is served by a network of rail lines. Among them, The Branch connects Boyertown Borough, Colebrookdale Township, and Douglas Township with the Philadelphia-Harrisburg mainline of Norfolk Southern Railroad ("NS") at Pottstown.

The Branch has had a long and colorful history. Chartered by act of the Pennsylvania Legislature in 1865, as the Colebrookdale Railroad, the Branch was constructed by 1869 and extended from Pottstown beyond Boyertown, its current terminus, to Barto, a distance of 13 miles. After the Reading Railroad filed for bankruptcy in 1971, the

United States Railway Association ("USRA") evaluated The Branch for transfer to the newly formed Consolidated Rail Corporation ("Conrail"). The USRA's Final System Plan did not designate The Branch for transfer.¹ However, the State arranged for Conrail to operate The Branch under the subsidy program of the Regional Rail Reorganization Act, 45 U.S.C. 701 et. seq. Eventually, Pennsylvania's Department of Transportation ("Penn DOT") acquired The Branch and leased it to a succession of short line railroad operators. Anxious to preserve this rail asset permanently, Berks purchased The Branch from Penn DOT for \$148,000 in 2001. See, Scott VS at Para. 10. Believing that short line railroad Penn Eastern Rail Lines, Inc. ("PERL"),² would preserve service over the Branch indefinitely, Berks sold The Branch to PERL in 2003 for \$177,000. See, Scott VS at Para. 10. In July 2007, PERL was merged into ESPN and ESPN was acquired by its current owner, Regional Rail, LLC, in late 2007. Mere months later - in April 2008 - ESPN initiated this abandonment proceeding by circulating a draft Environmental and Historic Report ("EHR") as required by the Board's regulations as a prerequisite to seeking abandonment authority. The timing of the application

¹ See, USRA Final System Plan, V. II at 442 (*USRA Line No. 909*), July 26, 1975.

² PERL was owned at the time by John Nolan.

suggests that Regional Rail had made a predetermined decision to abandon the Branch upon acquiring ESPN, without making any meaningful attempt to develop new business on the Branch or to ascertain its profitability potential.

The Branch is a stub-ended rail line with one current customer, Drug Plastics & Glass Company, Inc. Contrary to the Petitioner's representations that the line lacks any significant potential for developing new customers, Berks has identified multiple potential customers on or near the Branch. These potential customers include quarries, foundries, concrete plants, manufacturing facilities and even a major national retailer (Wal-Mart) which recently located a large store adjacent to the former railroad right-of-way in Bechtelsville, PA.

Potential rail customers include:

- Cabot Supermetals Corporation ("Cabot"). Cabot utilized The Branch in 2005 and 2007 for shipping outbound loads of hazardous waste that it transloaded from truck to rail.
- Boyertown Foundry ("Foundry"). The Branch currently terminates at Foundry's facility.
- Martin Stone Quarries, Inc. ("Martin"). As discussed in more detail in Rod Martin's verified statement, the Martins operate a stone quarry in

Bechtelsville along an abandoned portion of The Branch (approximately 1.5 miles north of the Foundry). To offset the large increases in fuel prices he is experiencing, Mr. Martin is willing to shift to rail a significant portion (50% or 250,000 tons) of his annual 500,000 ton outbound stone traffic moving to customers in southern New Jersey. See, Martin VS at Para. 10.

- Rahn's Concrete (Rahn's). Martin's tenant operates a concrete plant which utilizes sand which is presently transported by truck from Southern New Jersey to Bechtelsville.
- Berks Products (Berks). Another concrete plant in nearby Gilbertsville which likewise trucks in sand from South Jersey. Collectively, Rahn's and Berks require 80 to 100 thousand tons of sand per year. See, Martin VS at Para. 5.
- Trap Rock Quarries, Douglas Township, PA.
- Bechtelsville Asphalt, another Martin tenant.
- Haines & Kibblehouse, a conglomerate having an ownership interest in several local businesses.

The Branch possesses considerable historic significance and should be preserved. The Colebrookdale

Railroad served to link the nascent iron industry to the Main Line of the Reading Railroad at Pottstown. The eleven bridges on the existing Branch are all of historic significance. Two of the bridges represent perhaps the last in-service timber trestles in the region. A stone arch bridge and steel viaduct crosses the Manatawny Creek at Pine Forge. The Branch traverses undeveloped terrain and represents an outstanding working example of 19th Century railroad engineering. See, Scott VS at Para. 7.

The EHR furnished by ESPN to the Board's SEA should have, but failed to, disclose that the Branch meets at least three and potentially all four criteria used to establish National Register eligibility (note that a resource needs to meet only one such criteria to be found eligible for the National Register).³ Additionally, ESPN failed to describe, as required, the impact the abandonment would have on adjacent historic structures—including thematically related National Register and Register-eligible properties. Lastly, ESPN failed to initiate the required review of the railroad eleven bridges and trestles on the Branch, all of which are very likely to be determined National Register-eligible, even while proposing

³ The Boyertown Area Historical Society ("BAHS") reports there exists an Indian burial mound in the vicinity of Pine Forge. See, BAHS letter attached to Exhibit Scott-3. Further investigation is necessary to determine the proximity of the site to the Branch. If proximate, the site would satisfy the National Register inclusion criterion of likely yielding important historical or pre-historical information.

to remove of rails, ties, and other track materials which would directly and adversely impact those irreplaceable historic resources.

The superficiality of the EHR casts grave doubts upon the sufficiency of the abandonment proposal itself, and the Board should accordingly deny the Petition as insufficient for its intended purpose.

THE APPLICABLE ABANDONMENT STANDARD

Section 10903(d) of the I.C.C. Termination Act ("The Act"), 49 U.S.C. 10101 et seq., provides that a rail carrier providing transportation subject to the Board's jurisdiction may abandon a line and discontinue service over it only if the Board finds that the present or future public convenience and necessity require or permit the abandonment or discontinuance. In making that determination, the Board utilizes the public convenience and necessity test articulated in cases such as Purcell v. United States, 315 U.S. 381, 384 (1942), Colorado v. United States, 271 U.S. 153, 168-9 (1926), and Illinois v. United States, 666 F.2d 1066 (1981). Briefly, it balances the interests of affected shippers, the community, the carrier, and interstate commerce generally. The Board will examine both the current and likely future need for rail service on

the line, as well as the burden on the carrier of continuing to maintain and operate the line and on interstate commerce (through tying up valuable resources in less productive uses). The railroad has the burden of demonstrating that the continued operation of the line it proposes to abandon would be an unjustified burden on the carrier and on interstate commerce.

As a matter of practice, most railroads today choose to seek abandonment authorization by seeking an exemption from the formal application procedures of section 10903. Typically, the types of abandonment and discontinuance proposals that are authorized through the exemption process are those where shippers or public entities do not contest the abandonment or, if they do contest it, the revenue from the traffic on the line is clearly marginal compared to the cost of operating the line. See, Boston and Maine Corporation-Abandonment Exemption-In Hartford and New Haven Counties, CT, STB Docket No. AB-32 (Sub-No. 75X) et al., slip op. at 5 (STB served Dec. 31, 1996) ("Boston and Maine"); Tulare Valley Railroad Company-Abandonment and Discontinuance Exemption-In Tulare and Kern Counties, CA, STB Docket No. AB-397 (Sub-No. 5X), slip op. at 8 (STB served Feb. 21, 1997) ("Tulare County"); San Joaquin Valley Railroad Company-Abandonment Exemption-In Kings and Fresno

Counties, CA, STB Docket No. AB-393 (Sub-No. 4X), slip op. at 4, Served May 23, 1997, aff'n, Served Mar. 5, 1999; Wyoming and Colorado Railroad Company, Inc.-Abandonment Exemption-In Carbon County, WY, STB Docket No. AB-307 (Sub-No. 5X), slip op. at 4, Served November 10, 2004 ("WYCO I").

Under 49 U.S.C. 10502, the Board will exempt a transaction or service from the regulatory procedures and requirements of 49 U.S.C. 10903 when it finds that: (1) continued regulation is not necessary to carry out the rail transportation policy of 49 U.S.C. 10101; and (2) either (a) the transaction is of limited scope, or (b) regulation is not necessary to protect shippers from the abuse of market power. See, e.g., Union Pacific Railroad Company-Abandonment Exemption-In Douglas and Sarpy Counties, NE, STB Docket No. AB-33 (Sub-No. 260X), Served July 23, 2008.

As in any abandonment case, whether authority is sought by application or petition, the railroad must demonstrate that the line in question is a burden on interstate commerce. Typically, in an attempt to make that showing, the carrier submits evidence to demonstrate that the costs it incurs exceed the revenues attributable to the line. While abandonment decisions are not based solely on mathematical computations and considerations, the petitioner bears the burden of showing that keeping the

line in service would impose a burden on it that outweighs the harm that would befall the shipping public, and the adverse impacts on rural and community development, if the rail line were abandoned. See, Gauley River Railroad, LLC - Abandonment and Discontinuance of Service-In Webster and Nicholas Counties, WV, STB Docket No. AB-559 (Sub-No. 1X) et al., slip op. at 7 (Served: June 16, 1999).

In short, the exemption process is appropriate when the record is clear enough to demonstrate that full regulatory review is not necessary to carry out the national rail transportation policy. But where, as here, there is an inadequate record, the petition will be denied outright. See, Boston and Maine, supra, at 6.

**THE BOARD SHOULD REJECT ESPN'S PETITION
AS PROVIDING INSUFFICIENT INFORMATION**

ESPN would have the Board believe that this line is economically non-viable. ESPN's evidence indicates The Branch handled only 89 carloads of freight generating \$53,526 in gross revenues in 2007 and is likely to handle only 70 carloads of freight generating gross revenues of \$43,190 for the Forecast year starting August 1, 2008. Moreover, ESPN's financial data shows total avoidable costs of \$163,256 for 2007 and \$145,774 for the Forecast Year and

avoidable losses of \$90,730 and \$81,564 for these two time periods.

These figures are deceiving. While Berks does not dispute ESPN's carload and revenue statistics, the responsibility for achieving these paltry figures rests squarely with the Petitioner. Berks will show through evidence submitted in the attached verified statements of witnesses Scott, Landrio and Martin that ESPN either deliberately ignored or else negligently overlooked significant potential freight movements that would have generated sufficient revenue to have made The Branch profitable. As witness Martin has testified, his company generates about 500,000 tons of stone aggregate annually moving to rail-served locations in southern New Jersey. According to the witness, his quarry did not previously use rail because truck transportation rates have historically been lower. However, truck transportation costs have dramatically increased over the past two years, making rail transportation an attractive alternative. Martin is prepared to commit to shipping about 2,500 carloads (250 thousand tons) of stone to New Jersey destinations annually provided he can obtain rail rates that are competitive with truck. See, Martin VS at Para. 10.

Despite the obvious presence of the Martin Stone Quarries near the end of the Branch, it is nothing short of amazing that ESPN has never sought to contact Martin to solicit his business. See, Martin VS at 9. ESPN's abysmal failure to market its rail line is highly atypical of short line railroad operators and suggests ESPN's principal motivation may well be to scrap the line rather than developing common carrier business over it.

ESPN's cost data is even more mystifying. ESPN represents that the following items make up the principal costs of operating The Branch: actual transportation costs, normalized track maintenance costs, maintenance of equipment costs, depreciation, general and administrative costs, and opportunity costs. Berks will discuss each in turn.

ESPN's advises the Board and the public that its transportation costs were \$35,149 for 2007 and will amount to \$36,347 for the Forecast Year. These transportation costs reportedly consist of three elements: wages and benefits, fuel costs, and lube oil costs. In its workpapers, ESPN represents that these costs are based upon its system-wide average costs of \$15 per hour for labor and \$4.13 per hour for benefits, system wide per locomotive fuel costs of \$3,189 and lube costs of \$109 ;ESPN adjusts

the foregoing figures upwards by 3% for inflation for the Forecast Year'. The Board should note ESPN's response to Berks' Interrogatory No. 11 annexed hereto as Exhibit D), fails to disclose its total number of employees or the total wages and benefits paid to its workforce. Here, ESPN engages in a pattern of providing highly evasive and non-responsive answers to Berks' legitimate discovery requests. Nowhere is this pattern more apparent than in the instant circumstance.

The Petition indicates at page 9 for 2007 and page 13 for the Forecast Year that ESPN employs a two-man crew working 8 hours per day for 104 work days (twice per week service). As Berks' expert indicates, there is no justification for the train crew taking eight hours on less than two cars movements per operating day over a 8.6 mile line. Mr. Landrio estimates it should take about 30 minutes at each end interchanging cars at Pottstown and spotting cars for the customer at Boyertown. If one considers the line operating condition at Federal Railroad Administration (FRA) Class One Track Safety Standards, then the operating speed is ten miles per hour. On an 8.6 mile long line it is no more than one hour in each direction. Thus the total train crew time should only be operating three hours each day. Applying Mr. Landrio's estimates to

ESPN's represented cost figures, adding the fuel and lube costs, produces a total transportation cost for 2007 of only \$15,254. See, Landrio VS at 3. For the Forecast Year the transportation expense would be \$15,712. In each instance, actual transportation expense is less than half of the amount claimed by ESPN in their Petition.

ESPN has used system prorates on several items to claim the unprofitability of the railroad. As the County's expert witness Gary Landrio indicates, while pro-rates can be appropriate, they must have a basis which clearly mirrors the actual costs incurred. See, Landrio VS at 3. In the utter absence of system cost figures, ESPN's expense representations are unverifiable, and the Board should thus regard them as arbitrary, capricious and non-probative.

Regarding track maintenance costs and equipment maintenance costs (discussed separately below), ESPN avails itself of the Board's practice of allowing railroads to take "normalized maintenance expenses" for Federal Railroad Administration track maintenance expenses whether or not the carrier actually incurs these expenses, claiming \$6,500 per mile (\$55,900). However, in ruling on the sufficiency of ESPN's proofs, the Board should take into account that ESPN also claims not only the cost of its train crews performing maintenance expenses on track, but also on its

locomotive as separate expense line items. This triple-counting of the cost of non-transportation activities performed by the two person train crew is revealed in ESPN's response to interrogatory No. 11. See, Exhibit D. There, ESPN discloses that the train crew performs certain maintenance functions on the Line and maintenance items on the locomotive. ESPN provides no explanation as to how this trichotomy of responsibilities is apportioned for cost accounting purposes. The actual cost of the Line and locomotive maintenance performed by the train crew are incorporated within ESPN's alleged transportation expense of \$36,347. See, Petition at 9. Therefore, also claiming "normalized" track and locomotive maintenance costs as expense items constitutes impermissible intermingling of apples (actual costs) with oranges (normalized costs) for the same activities.

ESPN premises its maintenance of equipment costs on system-wide average costs to maintain its locomotive fleet. Although this is normally an acceptable way for determining these costs, the Board must reject ESPN's methodology here. ESPN's petition cites pages 2 and 4 of its work papers for computation of these costs for 2007 and the Forecast Year; however, the Cost Worksheet is ambiguous and contains no written explanation as to how these figures were

determined. It appears that ESPN incurred two elements of locomotive maintenance expenses, system-wide wages and fringe benefits of \$44,341 and something called "Loco Mtce" of \$104,284 for both time periods. There is no explanation of what comprises "Loco Mtce". Does it represent parts and supplies and/or machinery and tools? Does it also include any element of labor, perhaps duplicating the wage and fringe benefit figure? The reader is left to their own devices to decipher this computation. The work sheet suggests (but does not state) that ESPN has a locomotive fleet of 13 engines so dividing wages and fringes and "Loco Mtce" each by 13 and then adding these two figures does produce the \$11,433 figure cited at page 9 of the Petition.⁴ But how do the maintenance expenses on a 71-year-old locomotive compare with the much younger engines in ESPN's fleet?⁵ No data is provided in response to the County's discovery requests, and the Board is consequently left to speculate.

Berks' expert witness points out that when a locomotive is only used roughly three or four hours twice a week for a total of only 312 hours per year, (52 times 2 trips per week times 3 hours per trip), the locomotive does

⁴ The Forecast Year figure is \$11,776 on page 13 adjusted for inflation.

⁵ See ESPN's Response to Berks' demand for production of documents No. 6.

not experience the system average of wear and maintenance. Railroads primarily use locomotive hours and/or mileage to allocate maintenance costs. Most locomotives on short lines are used every day for at least eight hours, the equivalent of over 2,080 hours per year. Therefore it would seem reasonable in this case to claim only about 15% of the system average of locomotive maintenance. According to Mr. Landrio, this would reduce the equipment maintenance cost from ESPN's projected figure of \$11,433 to only \$1,714.95 for 2007 (See, Landrio VS at 4) and, by adjusting for 3% inflation, to \$1,766.39 for the Forecast Year.

Depreciation is the next component of ESPN's cost structure for The Branch. Citing to work paper pages 2 and 4 for 2007 and the Forecast Year, respectively, ESPN states that the locomotive assigned to The Branch incurs an annual depreciation expense of \$3,139. Yet it provides no basis for this assertion. ESPN does not provide an appraisal for the engine or the basis for depreciation. ESPN discloses at page 10 of the Petition that the engine has an un-depreciated (book) value of \$47,079. ESPN's Response to Document Production Request No. 5 indicates the locomotive was acquired August 28, 2007 for \$47,108. Since that time

it has been depreciated \$3,141⁶, leaving a residual value of \$43,967. That figure is significant because it is the benchmark upon which ESPN calculates the Return on Value - Locomotives. Any reduction in the book value of the engine will lower the corresponding Return on Value - Locomotives figure.

General and administrative costs ("G&A") represent the next major expense category that Berks is challenging. G&A reportedly totaled \$44,881 for 2007 and are projected as \$25,559 for the Forecast Year. ESPN's actual administrative costs are provided for only two items: electric expense of \$1,102 and signal maintenance contractor expense of \$1,680. These numbers leave \$42,099 which is said to be allocated on a mileage basis over the entire system. Total system miles are reportedly 251.1 total system miles.⁷ Based on these numbers the Branch mileage is 3.4% of the total. Working backwards provides a

⁶ ESPN, which utilizes straight line depreciation accounting methodology, attributed a 15 year lifespan to the SW 900 M locomotive upon its acquisition.

⁷ In Surface Transportation Board (STB) Finance Docket No. 35056, decided July 3, 2007, John C. Nolan, a noncarrier individual, Penn Eastern Rail Lines, Inc. and East Penn Railways Inc. jointly filed a verified notice of exemption to merge two existing rail carriers into one surviving rail corporation (ESPN) in order to simplify the corporate structure. ESPN will operate approximately 251.1 miles of railroad line which will be owned by ESPN. The rail lines include: Octoraro Line (25.6 miles), Wilmington & Northern Line (29 miles), Lancaster Northern (12.1 miles) Colebrookdale Line (8.6 miles), Manheim Line (1 mile), Kutztown Line (4.1 miles), Perkiomen Line (15.6 miles), Quakertown Line (10 miles), Chester Valley Line (2 miles), Bristol Terminal (1.7 miles), and North Philadelphia Contract Switching (5 miles). The STB decision stated that ESPN intended to consummate the transaction on or about July 27, 2007. ESPN will interchange freight with Norfolk Southern, CSX, and Brandywine Valley Railway.

total system administrative expense for 2007 of \$1,238,205. Again certain of the costs comprising this "allocation" are better allocated in a manner more closely reflecting the actual incurred cost. A significant example would be insurance which is factored by total payroll and/or revenue calculations. With only 89 2007 carloads or 312 hours of actual crew time on line the allocation would be much smaller. If the administration costs were based on total system carloads of 8,100⁸ the 89 carloads amount to only 1.1% of the total. This would lower this allocation to \$13,620, (\$1,238,205 times 1.1%). This change would in turn lower the general and administrative costs to \$16,402.

The final component comprising ESPN's operating loss is the "opportunity cost" for deploying assets that could arguably be deployed in a more productive way. Under Abandonment Regulations-Costing, 3 I.C.C.2d 340 (1987), the opportunity cost of road property is computed on an investment base equal to the sum of: (1) allowable working capital; (2) the net liquidation value (NLV) of the line; and (3) current income tax benefits (if any) resulting from abandonment. The investment base (or valuation of the road properties) is multiplied by the current nominal rate of

⁸ Information about ESPN was furnished by its Office Manager, Diane Klein to the Railroad Retirement Board published in **Board Coverage Decision 08-08**. Ms. Klein further stated that ESPN provides common carrier freight service and expects to handle approximately 8,100 carloads of freight annually.

return, to yield the nominal return on value. Under 49 CFR 1152.34(d), the rate of return used to calculate return on value represents the individual railroad's current pre-tax nominal cost of capital. The Board's most recent after-tax cost of capital finding for the railroad industry is used as a basis for developing the appropriate nominal rate of return. The nominal return is then adjusted by applying a holding gain (or loss) to reflect the increase (or decrease) in value a carrier will expect to realize by holding assets for one additional year. San Joaquin Valley Railroad Company-Abandonment Exemption-In Tulare County, CA, STB Docket No. AB-398 (Sub-No. 7X) (Served: June 6, 2008) ("San Joaquin"). In addition, the Board has adjusted the nominal rate of return to reflect its most recent cost of capital determination in Railroad Cost of Capital - 2006, STB Ex Parte No. 558 (Sub No. 10) (Served Apr. 15, 2008). Id. at 4.

ESPN provides a salvage value of \$1,082,000 for the track materials comprising the Branch, which is reportedly the highest of seven salvage bids it has received for The Branch. However, ESPN fails to provide a net salvage value, nor does it present any of considerable track salvage costs such as removing track and ties, transporting scrap materials, restoration of grade crossings,

dismantling bridges or similar matters. Berks' expert witness estimates that total salvage costs would total \$480,000, with that cost attributable to restoring six crossings and removing six bridges. See, Landrio VS at 6 and 7. The net salvage value of the track materials is thus reduced to \$602,000.

ESPN's also grossly overstates the NIV of the underlying real estate as \$995,556. The Board should recall that Berks County sold the track and real estate to ESPN's predecessor in 2003, only five years ago, for \$177,000. Aside from the lack of any appraisal, analysis of comparable property values, or even a verified statement from a real estate professional, ESPN boldly asserts that 95% of the 64 acres comprising the corridor is held in fee, there will be a two-year sell off period, a 10% real estate commission, and limited holding costs.

While ESPN cites a 2001 decision upholding a 13.6% discount, there have been significant changes in the nation's economic climate since then. Berks County believes that sale of the right of way would take at least three and maybe as many as five years. Moreover, the increased difficulty in obtaining bank loans combined with falling real estate values in rural or far suburban districts will make this right of way much narder to sell

quickly. The topography adjacent to ESPN's right-of-way south of Boyertown is steeply sloped, crisscrossed by streams and generally undeveloped; consequently not conducive to alternative land uses. See, Scott VS at Para. 11. Such real estate possesses little intrinsic value except as a railroad.

Finally, ESPN makes no reference to mitigation measures such as environmental remediation that may be required to transform the right of way into a readily saleable asset. Taking the foregoing factors into consideration, the County's expert witness estimates the 60.8 acre right-of-way has a market value of about \$6,000 per acre less 13% sell-off costs, or \$317,376. See, Landrio VS at 7.

Accordingly, the Board should adopt the more reasonable and realistic Valuation Before Holding Gain postulated by the County's expert as \$919,376. The County's expert further postulates a 14.98% cost of capital, producing an opportunity cost of \$137,723. Adding the Forecast Year avoidable loss figure of \$19,099 produces an estimated subsidy payment of \$156,822. See, Landrio VS at 8.

**ESPN'S PETITION SHOULD BE REJECTED UNDER
ESTABLISHED BOARD ABANDONMENT PRECEDENT**

From a revenue perspective, The Branch has better economics than some lines where the Board has declined to allow the carrier to seek abandonment authority by exemption. See, e.g., WYCO I *supra*; SPROC, *supra*; and San Joaquin, *supra*. WYCO I involved the abandonment of a rail line that had not seen any traffic in 18 months although a new shipper offered the prospect of a substantial amount of traffic (which ultimately never materialized). *Id.* at 3. SPROC involved 96 carloads in 2004 and 155 carloads during the first 4.5 months of 2005 on 76 miles. *Id.* at 2. San Joaquin involved 39, 67, and 79 carloads for 2005, 2006, and 2007, respectively, over about 30.5 miles. *Id.* at 2. By contrast The Branch handled 95, 93, and 89 carloads for 2005, 2006, and 2007, respectively, over about 8.6 miles. ESPN projects the 2008 carloads will be 70 for the year. And those figures do not even include another \$21,000 to \$29,000 in car storage revenues. Petition at 6, 7, and 11.

The Board placed considerable weight in San Joaquin on the fact that one shipper's traffic had doubled from 2005 to 2007, was likely to increase further, and it had made a substantial investment in online rail facilities. Here Martin Stone Quarries states that it is prepared to discuss

with the railroad shipping a significant volume of traffic about 2,500 carloads annually. over The Branch and ESPN has not even appeared to have made the effort to solicit its business. Martin VS at Para. 9. Martin Stone Quarries' traffic would likely make the Branch profitable.

Commissioner Scott states that abandonment of The Branch will have an adverse impact on the County and its ability to attract industry. See, Scott VS at Para. 15. Inasmuch as Berks desires to retain Martin Stone Quarries as a local industry, it wants to persuade this customer to shift as much of its traffic as possible to rail. Rod Martin estimates the present total reliance upon truck transportation of stone and sand to and from South Jersey generates roughly 35,000 to 40,000 trips per year (See, Martin VS at Para. 4 and 5) is damaging to county roads and presents significant road congestion, air and noise pollution, and safety problems. Loss of the Branch will also cost the County lost employment and tax revenues because prospective industries will not locate in Berks County without the availability of rail service.

Finally, Petitioner's failure to submit underlying support for its revenues, operating costs, asset values, or opportunity costs is fatal to its Petition. See, e.g., WYCC I, supra, at 4; SPRCC, supra, at 5; and San Joaquin,

supra, at 7. While ESPN has submitted a total of four pages of what it calls "workpapers" (two pages each for 2007 and the Forecast Year,, the papers do not indicate who prepared them or the qualifications of the preparer, contain no explanation of the underlying assumptions and calculations, and are thus not readily understandable. As the Board stated in SPROC, above, ESPN knew this abandonment proposal might be opposed and should have filed with its petition information sufficient to support its request for the exemption. Id. at 5.

This abandonment fails under both the Board's PC&N balancing test and its exemption standard discussed above. The Petition contains insufficient and possibly inaccurate information to allow the Board to weigh the alleged adverse impacts of the service upon the railroad. Testimony presented by Berks shows that there is substantial traffic to be had if ESPN will pursue it, that ESPN's costs are overstated, and The Branch may be profitable. Berks' testimony also shows that abandonment will have a serious and adverse effect upon the local community and concerns such as congestion, pollution, and highway safety.

Similarly, ESPN has not satisfied the requirements of 49 U.S.C. 10502 to obtain an exemption. Abandonment of The Branch would be contrary to certain elements of the

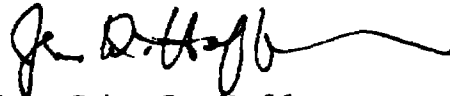
nation's rail transportation policy, among them 49 U.S.C. 10101(4) a sound rail transportation system with competition among rail and other modes', 49 U.S.C. 10101(8) (operate transportation facilities and equipment without detriment to the public health and safety), 49 U.S.C. 10101(9) (encourage honest and efficient management of railroads), and 49 U.S.C. 10101(14) (to encourage and promote energy conservation). Clearly, abandonment would eliminate the possibility of rail competition for traffic currently moving by highway. Eliminating the rail option would be adverse to both energy conservation and the environment insofar rail is both a more energy efficient and cleaner form of transportation than truck. Similarly, retention of rail service would have fewer adverse impacts on public health and safety than truck. Finally, how can one say that a rail carrier whose abandonment of a line with the potential to serve a significant amount of traffic is "honestly and efficiently managed?"

CONCLUSION

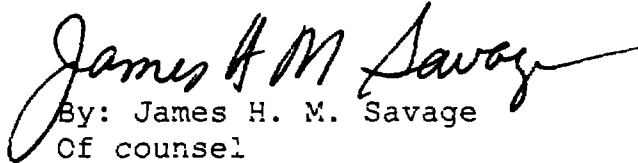
For all of these reasons the Board should reject ESPN's petition to exempt the Colebrookdale Branch from the formal abandonment provisions of 49 U.S.C. 10903. Should ESPN desire to pursue this matter, the Board should require

it to file a formal application with all documentation
required of applicants under those provisions.

Respectfully submitted,
John D. Heffner, PLLC
1750 K Street, NW - Suite 200
Washington, DC 20006
Tel. No. (202)296-3333



By: John D. Heffner
Attorney for Berks County



By: James H. M. Savage
Of counsel

Dated: September 9, 2008

CERTIFICATE OF SERVICE

I, John D. Heffner, hereby certify that on September 9, 2008 a copy of the foregoing "Protest" of Berks County, PA., was served by first-class mail on Karl Morell.


John D. Heffner

EXHIBIT A

VERIFIED STATEMENT OF MARK SCOTT

I, MARK C. SCOTT, ESQ., of full age, make the following
Verified Statement:

1. I am Chairman of the Berks County Commission, the governing body of Berks County, PA (hereinafter "Berks" or "the County"). I have been a County Commissioner since first being elected in 1995, taking office in 1996.

2. I make this verified statement based upon personal knowledge in support of the County's protest of the proposed abandonment of the Colebrookdale Branch by the East Penn Railroad, currently pending before the Board under Docket No. AB-1020X.

3. Situated in southeastern Pennsylvania, Berks has a population of slightly more than 400,000 people. The County seat, the City of Reading, is 56 miles northwest of Philadelphia and the heart of the Delaware Valley region, one of the leading industrial and trade centers in the nation. Berks is bordered by Schuylkill County on the north, Lebanon and Lancaster Counties on the west, Lehigh County on the east, and by Chester and Montgomery Counties on the south. Despite its close proximity to

the Philadelphia metropolitan area, Berks is considered part of Pennsylvania Dutch Country. (SOURCE: Berks County Pennsylvania, Economic Resource Profile). Through numerous federal and state highways and turnpikes, the County is linked to other major cities such as New York (125 miles) and Baltimore (97 miles). The County is a diamond-shaped area of 864 square miles. Sections of the Blue and South Mountains, two ridges of the Appalachian Mountain chain, form its northern and southern boundaries with elevations averaging about 640 feet above sea level. The Schuylkill River and several of its main tributaries drain almost the entire county.

4. Berks County possesses a long and storied railroad tradition. Berks County was the home of the Reading Railroad. Chartered in 1833, what became known as the Reading Railroad flourished for more than 100 years as a major anthracite coal transporter from the mining regions of southeastern Pennsylvania to terminals in Jersey City, Philadelphia and elsewhere. Following a long post-World War II decline, Reading Railroad declared bankruptcy in 1971. Most of Reading's rail assets were conveyed to Conrail in 1976. Conrail, in turn, was acquired by Norfolk Southern and CSX in 1999. The former Reading lines fell primarily within what became designated as NS territory.

5. The Colebrookdale Branch of the former Reading Railroad runs north and south, connecting with the Norfolk Southern Railway's Philadelphia-Harrisburg Main Line at Pottstown. The existing Branch is a spur totaling 8.6 miles in length, terminating in Boyertown. See, Map A, annexed hereto as Exhibit Scott-1. The Branch once extended an additional 4.4 miles to the north, providing service to stations at New Berlinville (MP 9.7), Bechtelsville (MP 11.4), Eshbach (MP 12.3) and Barto (MP 13.0). See, Berks County 1895 Railroad Map annexed hereto as Exhibit Scott-2.

6. The Branch today terminates at a bridge crossing North Reading Ave. near 7th Street in Boyertown. The bridge, if and when rehabilitated, would provide direct rail access to Boyertown Foundry, an existing industrial property immediately to the north. One mile further to the north is Martin Stone Quarries, Inc. which is a potential source of significant freight traffic for a short line railroad interested in profitably operating the line. See, Verified Statement of Rod Martin.

7. The Branch possesses considerable historic significance and should be preserved. The Colebrookdale Railroad was initially chartered by the Pennsylvania Legislature in 1865 and completed in 1869. The line served to link up-country iron forges to the

Main Line of the Reading Railroad at Pottstown. See, Report of Nathaniel Guest, annexed hereto as Exhibit Scott-3 at pages 6-7 (hereinafter "Guest Report"). The 11 bridges on the existing Branch are all of historic significance. Two of the bridges represent perhaps the last in-service timber trestles in the region. A stone arch bridge and steel viaduct crosses the Manatawny Creek at Pine Forge. The Branch traverses undeveloped terrain and represents an outstanding working example of 19th Century railroad engineering. See, Guest Report at pages 10-11.

8. The County is seeking a short line railroad operator to replace ESPN, preserve the existing rail right-of-way for current and potential customers, as well as to extend the right of way to accommodate new customers including the Martin Quarry. While the search for a replacement rail operator is ongoing, at least one potential replacement rail operator has expressed interest in the Branch to date.

9. In addition to current Branch customer Drug Plastics, Martin Stone Quarries and Boyertown Foundry, other nearby potential railroad customers include the following businesses: Cabot Supermetals Corporation (Boyertown), Haines & Kibblehouse (Douglasville, PA), Trap Rock Quarry (Douglas Twp., PA), Rahn's Concrete (Bechtelsville), Bechtelsville Asphalt, and Berks Products (Wyomissing). The Colebrookdale vicinity is rich in

mineral, served as a regional center of iron mining activity throughout the 19th and early 20th Centuries, and continues to be a center of quarry activity today.

10. On December 31, 1998 the Pennsylvania Department of Transportation ("PennDOT") received an independent Valuation Study of the Branch from Man Line Management Services, Inc. valuing the Branch at \$416,000, including net track material liquidation value of \$133,000. See, 1998 Valuation Study, annexed hereto as Exhibit Scott-4.¹ The County subsequently acquired the Branch from PennDOT on June 8, 2001 for \$148,000. See, Agreement of Sale, annexed hereto as Exhibit Scott-6. In October 2002, PERL commissioned Leon G. Perkins, P.E. to inspect all bridges on its system. See, Perkins October 2002 inspection report for the Colebrookdale Branch, annexed hereto as Exhibit Scott-7. On July 3, 2003, with knowledge of the condition of all 11 bridges on the Branch, PERL purchased the Branch from the County for \$177,000. See, Deed, annexed hereto as Exhibit Scott-8.

11. The sale of the Branch was consummated with the County's understanding that purchaser would make an attempt to market the Branch to potential customers. To the best of my knowledge,

¹ The assessed value of the Branch was \$334,000. See, Realty Transfer Tax Statement of Value at D (4), annexed hereto as Exhibit Scott-5.

information and belief, neither ESPN, nor Regional Rail, LLC ever discussed the Branch's viability with County officials before filing for abandonment authority.

12. While the County is aware that the liquidation of the Branch might be the most attractive short term option to the present operator, the long term public interest would be far better served by replacing the present operator with an entrepreneurial railroad operator who would seek to maximize its return on investment by developing the Branch to its full potential rather than seeking to recoup their investment by liquidating the Branch.

13. ESPN has postulated an unrealistic and thus unreasonably high net real estate value for its property, especially in light of the declining commercial real estate market over the past two years. Even assuming ESPN holds 95% of the real estate comprising the Branch in fee simple, as alleged in their petition for abandonment authority; there exist multiple significant impediments to a prompt sale of the right of way including historic preservation issues, bridge and crossing removal, environmental remediation and the like. South of Boyertown, the existing right of way traverses terrain which is thickly wooded, largely inaccessible by motor vehicle, characterized by steep slopes and crisscrossed by streams. See,

Map A. The foregoing characteristics of the surrounding terrain, coupled with the absence of level terrain adjacent to the right of way, render the land unsuited for development or alternative use as anything other than a trail.

14. Citizens have expressed concern to the Commissioners about the potential unlawful misuse of the railroad right of way by off-road vehicle operators and other trespassers were abandonment to be approved.

15. Adverse impacts upon the County likely to result from the authorization of the proposed abandonment include loss of potential industrial growth due to insufficient suitable freight transportation alternatives, consequent over-reliance upon the local roadway system, increased highway congestion, reduced highway safety, an increase in the unemployment rate among blue collar workers, loss of industrial capacity, and ultimately lost tax revenues. To forestall such an unfavorable situation, the County is willing to work with a responsible short line rail operator to develop new sources of rail freight traffic, as well as to explore additional avenues for revenue including developing a scenic/tourist seasonal rail operation in Eastern Berks and western Montgomery Counties.

16. The County is further willing to work with the interchanging Class I railroad (NS) to facilitate a smooth and efficient partnership with the short line operator.

17. The County is further willing to assist an entrepreneurial short line railroad operator willing to invest in the Branch in working with origin and destination rail operators and shippers to develop sufficient two-way traffic flow on the Branch. The County has already received a letter expression of interest from one such operator. See, Exhibit Scott-9.

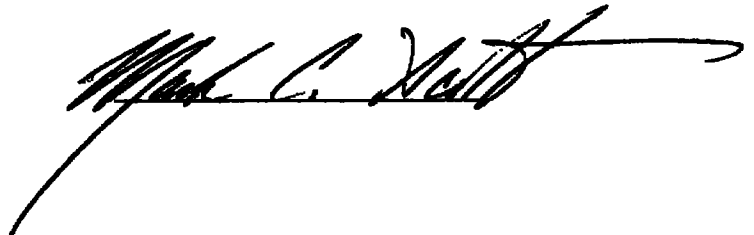
18. As part of the County's effort to identify potential rail customers, the Berks County Mapping Office has compiled a spreadsheet identifying commercial and industrial properties adjoining the existing Branch. See, Exhibit Scott-10.

19. For the foregoing reasons, Berks County respectfully requests the Board deny ESPN's request for abandonment authority of the Colebrookdale Branch.

VERIFICATION

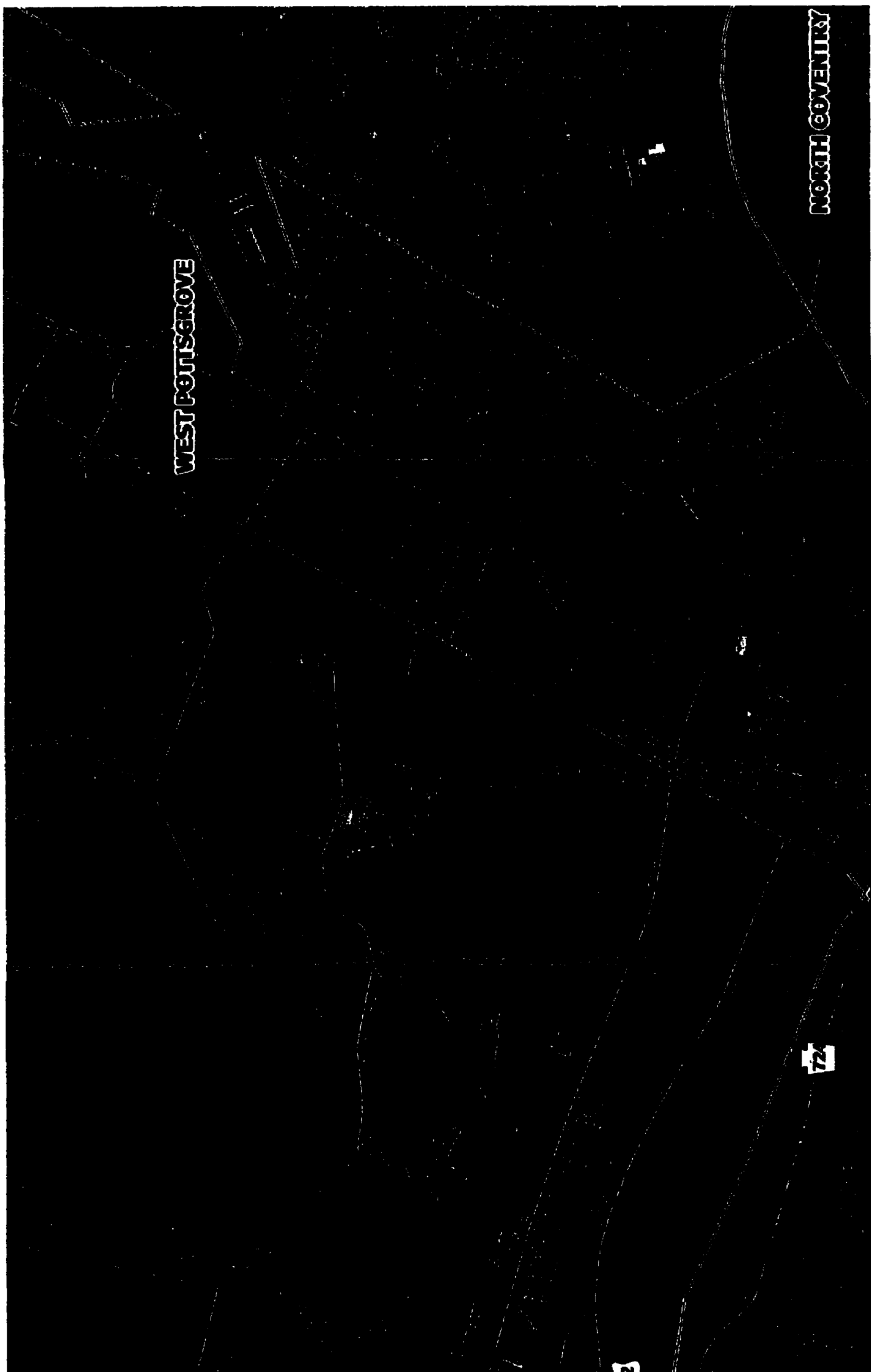
Pursuant to 28 U.S.C. 1746, I declare and verify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on: September 2, 2008.

A handwritten signature in black ink, appearing to read "Mark C. Natta", written over a horizontal line.

[signature]

EXHIBIT SCOTT-1



County of Berks -

LOWER POTTS GROVE

 **Colebrookdale Industrial Branch - Rail Line**

 **Other Rail Lines**

 **Municipal Boundary**

 **Berks County**

Information shown is based on geospatial data from the County of Berks, and may not be copied or reproduced without express written permission from the County of Berks. The County of Berks does not assume any liability for damages caused by the use of this information.

DOUGLASS

33

DOUGLASS

570

MOOREHEAD

BECHTELSTVILLE

WASHINGTON

100

EXHIBIT SCOTT-2

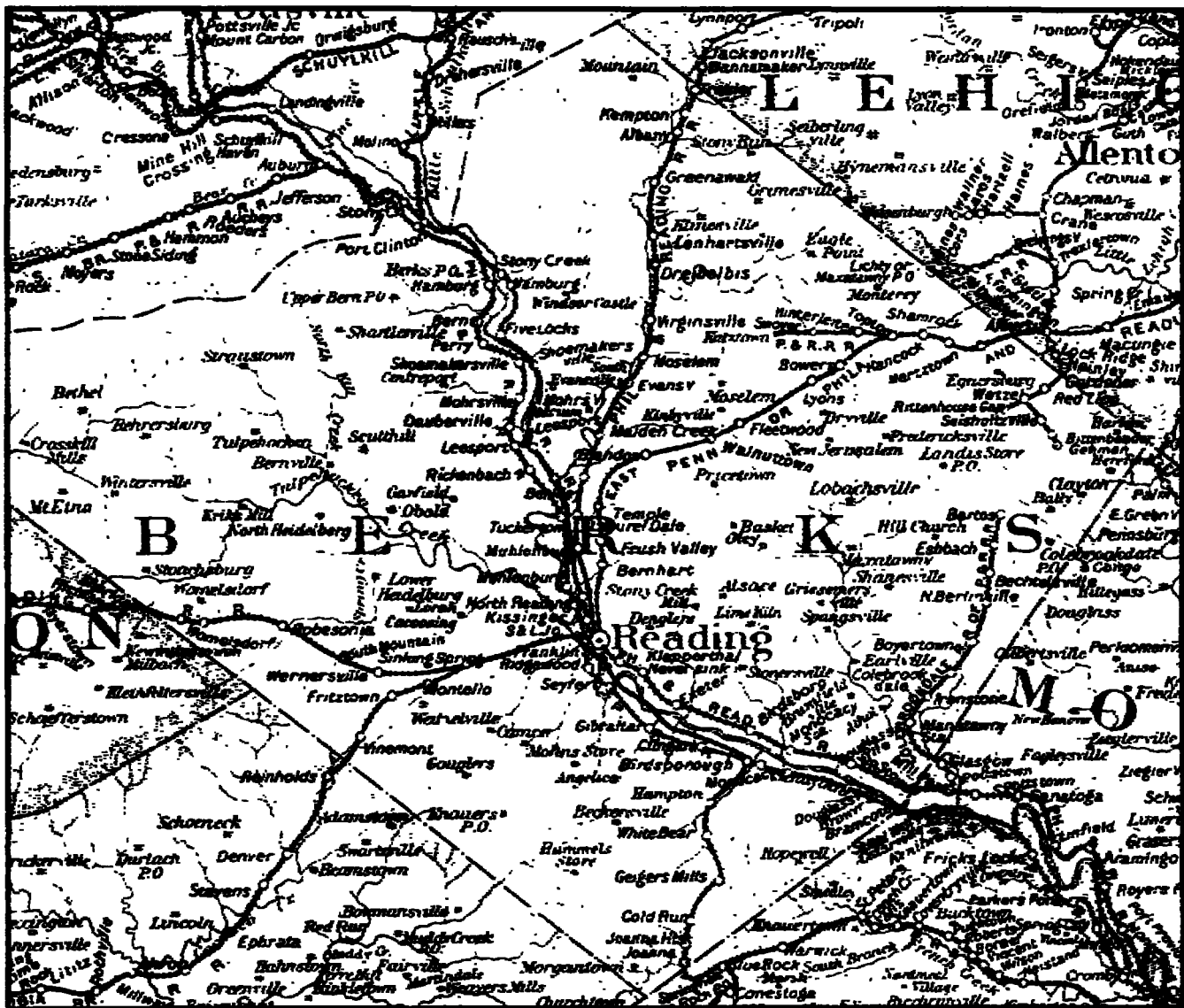


EXHIBIT SCOTT-3

Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

Re: Response to Environmental Report Historical Analysis
Docket Number AB_1020_0_X

Submitted by: Nathaniel C. Guest
4020 Prospect Hill Lane
Pottstown, Pennsylvania 19464

Background

As part of its Petition for Exemption for the Colebrookdale Railroad line, the East Penn Railroad, LLC, (hereinafter "East Penn") submitted materials to the Pennsylvania Historical and Museum Commission (hereinafter, "PHMC"), including a letter dated April 2, 2008, and a subsequent "Historic Report." Based on this information, the PHMC determined that the Colebrookdale Railroad would not be eligible for the National Register of Historic Places.¹

The PHMC review team stated that the materials provided indicated though that the railroad was of "good physical integrity," it had merely short commercial success, served just one specific community, and that through East Penn's documentation, "[h]istorical significance was not proven."² However, had East Penn provided a full and fair disclosure of the historical significance of the line, it is likely that the PHMC review team's findings would have more accurately reflected the historically vital importance of the line to many communities. Moreover, it is equally likely a full and fair disclosure would have proven the line's historical significance. Furthermore, a full and fair disclosure by East Penn would have demonstrated that the line potentially meets three of four criteria used to establish National Register eligibility (note that a resource needs to meet only one such criteria to be found eligible for the National Register). Additionally, East Penn failed to disclose the impact the abandonment would have on adjacent historic structures—including thematically related National Register and Register-eligible properties. Lastly, East Penn did not disclose the fact that the eleven bridges and trestles on the line are very likely to be determined National Register-eligible, failing to initiate that review even though its proposed removal of rails, ties, etc, from the line would directly and adversely impact those resources.

While providing a historical analysis of the sort that East Penn should have furnished to the PHMC is not appropriate here, key facts representative of those omitted by East Penn are provided to illustrate the type and extent of considerations that, if provided, would have positively influenced the PHMC's determination of National Register eligibility and finding of historical significance.

¹ PHMC Bureau for Historic Preservation : Key# 144317; ER# 08-1408-042-B

² PHMC Review Team meeting notes; on file with material referenced in note 1.

I. East Penn's Submission to the PHMC Failed to Accurately Portray the Historical Importance of the Colebrookdale Railroad to the Numerous Communities Along the Right-of-Way.

The text of the actual Historic Report is a scant five pages. The information used by the PHMC to make its determination was only that "readily available and in the railroad's possession"³ and contained only a single page of text. That text reiterated nearly verbatim the information found elsewhere in the Historic Report. It describes the corporate lineage of the railroad and endeavors to list those industries which have stopped using the railroad for shipment. No mention is made of the historical importance of the railroad line nor of other industries who, in addition to the Drug Plastic and Glass Company, would like to use the railroad if the service were continued.

A. Financial success is not a proxy for historic significance

East Penn's documentation inordinately emphasizes the Colebrookdale Railroad's historically poor fiscal performance, inaccurately correlating it to what it seemingly presumes to be the line's irrelevance to the region. Financial success is not a proxy for significance for purposes of the National Register and one can only assume the PHMC factored it into their decision making in part because of a paucity of other information.⁴ The Colebrookdale Railroad has never served a region with a population density sufficient to produce a volume of traffic that would make the line an overwhelming financial success. This is especially true when maintenance costs for the line's numerous curves, fills, bridges, and trestles are considered. Nonetheless, the industry, agriculture, and general commerce of this, one of the earliest iron making valleys in the American colonies, is significant and intimately connected with and directly dependent upon the Colebrookdale line. As the fortunes of the early iron industry waned, so did the railroad's. As new, larger, more accessible and higher quality deposits of ore were found, the iron industry moved from the Ironstone and Manatawny Valleys. The rise and fall of the Colebrookdale Railroad's economic success paralleled that of the iron industry that built it and which it served. As such, the railroad's economic woes affirm story of the iron industry in this area of Pennsylvania and therefore may very well add to — and not subtract from—the historical significance of the line.

B. The Colebrookdale Railroad Was of Vital Importance to Many Communities

While the railroad was built to service the early iron industry—an industry to which its fortunes were tied—it was also crucial the existence of a number of communities and early industries that grew along its banks. The tremendous fanfare that heralded the first train's arrival in each of the small towns along the line between Pottstown and Boyertown reveals the importance of the service to townspeople in the region.

³ Historic Report, STB Docket Number AB-1020X, page 5.

⁴ The Chesapeake and Ohio Canal, now a National Historical Park, provides a ready example of a transportation corridor whose historical significance was not predicated upon or precluded by its historically poor financial record.

The drifting pattern of smoke against the sky was moving slowly this way while the thousand Boyertown area folk trampled the new-cut grass of the railroad yard still further. Their wait seemed forever, but the reason the steam locomotive with its two passenger cars and baggage car too so long was the repeated waits at way stations so everyone might cheer the glistening new equipment. As a matter of fact, its 94 passengers had left the cars at Manatawny Station, Ironstone, and again at Colebrookdale to put on an acrobatic exhibition for the waiving crowds standing at trackside and crowding every barn roof in their excitement....⁵

The people crowded around the platforms and greeted the arriving passengers with as much fervor as if they had just arrived by the through line from San Francisco. Some of the more enthusiastic of the crowd carried off the newly landed passengers on their shoulders. Silk hats suffered martyrdom in the ardor of the reception.⁶

Early postcard photographs show the large, ornate stations provided for each of the small villages along the line, demonstrating the great if unfounded optimism early proponents held for the area's growth. Pottstown, founded by early iron master John Potts, was by far the largest town served by the Colebrookdale Railroad; it was there that the line had its junction with the Philadelphia and Reading Railroad adjacent to Pott's former mansion and on the grounds of his Pottsgrove iron plantation.

Just beyond Pottstown, the line dove into deciduous woodlands once and still characteristic of its right-of-way. Timber from these forests was harvested to make charcoal for the iron furnaces also adjacent to the Colebrookdale's right-of-way. The first stop in this area was Glasgow, present day Stowe.

In Pine Forge, the next stop, Thomas Rutter's early iron works (discussed below) was supplemented by the Pine Iron Works (also mentioned below). The large Focht dairy farm, along with a multiplicity of others up and down the line, generated a daily shipment for the railroad. The Colebrookdale line trains would pick up dairy products originating from each of these farms each morning and rush them to markets in Philadelphia and Reading—a chore whose speed was particularly essential in the days before refrigeration.⁷ Also in Pine Forge was Schaeffer's Mill, resting at the confluence of the Ironstone and Manatawny Creeks.⁸ The Colebrookdale line had an extensive yard facility in Pine Forge to serve all the village's industries, fording the joining creeks and Pine Forge Road with a spectacular still-in-place stone arch bridge and steel viaduct.

⁵ W.E. Claussen, *Exactly One Hundred Years Ago, Cheering Crowd Greets Colebrookdale Railroad*, BOYERTOWN TIMES, Oct. 23, 1969.

⁶ Editorial, BERKS AND SCHUYLKILL JOURNAL, Sept. 11, 1869.

⁷ PATRICIA A. STOMPF BLACKWELL, *IMAGES OF AMERICA ALONG THE ROUTE 100 CORRIDOR 101* (Year).

⁸ PATRICIA WANGER SMITH, *SOUTHEASTERN BERKS COUNTY 91* (2006).

Just beyond Pine Forge at Egolf's Bridge was a six-story tall stone crushing facility clinging to the steep slope above the railroad on Pool Hill.⁹ The remains of this facility can still be seen from the railroad today.¹⁰ Again fording the river on a series of unique and breathtaking bridges and trestles, the line makes its way through the villages of Ironstone and Colebrookdale. The railroad was the primary link means of commerce for these villages in the days before internal combustion. The morning and afternoon trains were used as transportation for local children to and from school. The Colebrookdale Railroad also provided mail service to all the villages along the line—four times per day in the early years.¹¹

The railroad reached Boyertown on one final trestle. Boyertown itself once rested on immense bodies of ore which were opened up for the early iron industry, leaving the town undermined by the tunnels from which the ore had been removed.¹² A variety of large industries grew up along the railroad in Boyertown, and many of them have historic structures still in place. The rail yard in the heart of the town retains its historic configuration and an ancient crane on the yard's south side is a reminder of the days when everything from milk to washing machines arrived in town by train. The crane was used to unload heavier items purchased by town residents from box cars and flat cars to awaiting horse-drawn carriages.

II. A Full and Fair Disclosure About the Colebrookdale Railroad's Historical Significance Would Have Demonstrated the Line and Its Contributing Elements Meets National Register Eligibility Criteria.

A survey of the 2,486 rail-related properties added to the National Register of Historic Places (not including the countless others that are Register-eligible) indicates the variety and multiplicity of resources similar to those found on the Colebrookdale line already encompassed by the Register. While the Colebrookdale Railroad's resources are unique, inclusion on the Register of similarly-themed resources is far from without precedent; rail-related properties represent about three percent of all current National Register listings.

A review of the National Register confirms that nearly every element of railroad infrastructure, either individually or collectively, has been considered historically significant. Of those properties listed on the Register, approximately 1500 are stations or depots built to service passengers, freight, or both, and approximately 525 properties are listed as historic districts. But there are also other structures that, like those while essential to the operation of the railroad and historically important, may be less visible than a centrally located station or depot that was often the cultural heart of the community. Among these supporting structures identified on the Register are roundhouses (12), enginehouses (4), and hotels (10). Approximately 395 are engineering

⁹ *Id.* at 90.

¹⁰ *Id.*

¹¹ BLACKWELL, *supra* note 7, at 62.

¹² J.P. Hare, *The Colebrookdale Railroad Company*, THE PILLOT, Vol. 12, Issue 10 (Oct. 1911).

features of the railroad right-of-way, including bridges (295), tunnels (51), viaducts (19), trestles (12), underpasses (9), inclines (7), culverts (4), overpasses (3), and embankments (2). In addition, the National Register includes 19 rail lines that are listed as corridors or entire railways, including the right-of-way and all associated property. Given that the essence of the railroad both now and historically has been to connect one place to another, it is fitting that the corridors themselves—the connections as well as their inherent elements—are recognized as historically significant.

A. Both the Corridor and Individual Contributing Elements of the Colebrookdale Railroad Meet National Register Criteria

To be eligible for the National Register of Historic Places, a resource must meet one of the four criteria listed below:¹³

- [It is] associated with events that have made a significant contribution to the broad patterns of our history; or
- [It is] associated with the lives of persons significant in our past; or
- [It] embodies the distinctive characteristics of a type, period, or method of construction, or...represent[s] the work of a master, or...possess[es] high artistic values, or...represent[s] a significant and distinguishable entity whose components may lack individual distinction; or
- [It has] yielded or may be likely to yield, information important in prehistory or history.

1. Significance of the Railroad Corridor*****

a) The Colebrookdale Railroad line is associated with places, people, and events central to the earliest iron making history in the American colonies—an industry that, coupled with the railroad, made a significant contribution to a broad pattern of our history. The Colebrookdale line is a heritage corridor for our early iron making past, traveling through the places where iron was first mined and processed in Pennsylvania and adjacent to many of the still-standing plantation homes where the early iron barons headquartered their empires. The interface between the iron industry and the railroad took on a particularly strong meaning in the area where the Colebrookdale Railroad served; the first iron railroad bridge in the United States was fabricated by the Colebrookdale Railroad's one-time parent company, the Philadelphia and Reading, in Pottstown in 1844.¹⁴

¹³National Park Service, National Register of Historic Places, <http://www.nps.gov/history/nr/listing.htm> (last visited Aug. 28, 2008).

¹⁴ Explore PA History, Historical Marker Program, <http://www.explorepahistory.com/lmarker.php?markerId=656> (last visited Aug. 28, 2008).

The Colebrookdale Railroad was started in 1865 through an act of the Pennsylvania Legislature by the owners of the Colebrookdale Iron Works,¹⁵ successor to the Colebrookdale Furnace and Iron Works—the first blast furnace in Pennsylvania.¹⁶ Named to honor the works of the same name in Shropshire, England, the Colebrookdale Furnace was established in 1716 along the banks of the Ironstone Creek, paralleled by the Colebrookdale Railroad.¹⁷ Thomas Rutter, its founder, like the founder of Colebrookdale's namesake in England, was a Quaker and had been induced by William Penn to come to the New World specifically to build just such a furnace.¹⁸ Although this first iron furnace was crudely built and had only a small production of pig metal, most of which was cast directly into implements at the furnace, it was the beginning of the once mighty Pennsylvania iron industry.¹⁹

Colebrookdale Furnace set the mold for subsequent charcoal blast furnaces in Pennsylvania. It proved that British charcoal blast furnace technology could be used successfully in the colonies.²⁰ Timber from the wooded areas along the right-of-way of the Colebrookdale line was used to create the charcoal needed for the furnaces. The same timber, dressed at a mill later served by the railroad,²¹ was used to build trestles allowing the Colebrookdale Railroad to ford, among other things, the Ironstone and Manatawny Creeks at various points. Water from these creeks was used as a source of power for the iron making process, as well as for the various mills situated along the railroad's tracks.²² One of these mills, that of David Potts, a decendent of Pottstown's founder and iron pioneer John Potts, is believed to have been the place where the timber trestle wood was finished.²³ The dam at Pine Forge used to power all of the town's the once bustling industries—including Pott's Mill—can, in fact, best be seen from the railroad.²⁴

Rutter's home, Pine, sits proximally to the Colebrookdale line in Pine Forge. In the era just before completion of the railroad, Pine was a stop on the Underground Railroad.²⁵ It should be noted that the Pine Iron Works, also in Pine Forge and owned by Joseph Bailey, chief proponent and first president of the Colebrookdale Railroad, manufactured a very tough grade metal

¹⁵ Hare, *supra* note 12.

¹⁶ Explore PA History, Historical Marker Program.

<http://www.explorepahistory.com/hmarker.php?markerId=895> (last visited Aug. 28, 2008).

¹⁷ Raymond A. Washlaski and Ryan P. Washlaski, *Colebrookdale Furnace & Iron Works*, PENNSYLVANIA IRON FURNACE SOURCEBOOK: A TRIBUTE TO THE IRON MASTERS AND IRON WORKERS THAT BUILT AND KEEP IN-BLAST THE OLD STONE BLAST FURNACES OF PENNSYLVANIA, Dec. 7, 2004, <http://paironworks.rootsweb.ancestry.com/herbirth.html>.

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ Explore PA History, *supra* note 16.

²¹ W. Edmunds Claussen, *Railroad Buffs Have Their Day*, POTTSTOWN MERCURY.

²² SMITH, *supra* note 6, at 8.

²³ Claussen, *supra* note 21.

²⁴ *Sentimental Journey on the Colebrookdale Railroad*, BOYERTOWN TIMES, Oct. 23, 1969.

²⁵ SMITH, *supra* note 6, at 80.

specifically for railroad use in locomotive boilers.²⁶ The Baldwin Locomotive Works in Philadelphia, the world's most prolific steam locomotive builder, relied on products from the Bailey's Works for their boilers.²⁷

The Colebrookdale Works' manager, Thomas Potts, went on to found an iron empire of his own. His son John formed yet another close tie to Colebrookdale Furnace; in 1734 he became a founder there.²⁸ John Potts built upon his experience at Colebrookdale Furnace, and on his widespread family network.²⁹ Above all, he capitalized on his marriage in 1734 to Ruth Savage, oldest of Thomas Rutter's granddaughters.³⁰ Ruth Savage was the daughter of Anna Rutter Savage Nutt, one of the principal heirs of ironworks previously established by Thomas Rutter, Samuel Nutt, and Samuel Savage, all of whom were early Pennsylvania ironmasters and all with ties to property along the Colebrookdale Railroad.³¹ It was through his mother-in-law that John Potts expanded his iron holdings. Anna Nutt helped erect Warwick Furnace, one of the largest iron furnaces in colonial Pennsylvania.³² In 1745 she gave her half interest in Warwick Furnace to John and Ruth Potts.³³ In 1752 he established the iron plantation of Pottsgrove, where he built a mansion house and refinery forge and laid out a village—present day Pottstown—in a grid pattern.³⁴ Pottsgrove Manor is within several hundred feet of the Colebrookdale Railroad.

The deep rock cut—like the rest of the line, exceedingly difficult to build in the early days of railroad construction when the Colebrookdale line was completed—was the scene of a notorious if now little remarked labor struggle.³⁵ In March of 1869, workers constructing this section of track protested for higher wages.³⁶ They were ultimately successful, earning twenty five more cents per day (for a total of \$1.75 daily) but were forced to work an hour longer each day in return—thus working an eleven hour day.³⁷

In Boyertown, the line served several large industries responsible for the growth of the area. While East Penn mentions the fact these industries have downsized, closed, or changed, it fails to mention their historical significance to the railroad and the community and the fact that their historical fabric remains at least in part along the right-of-way. The Union Foundry served by the Colebrookdale line cast railroad caboose stoves; these stoves could be

²⁶ *Id.* at 88.

²⁷ *Forges, Mills and Early Industries*, BOYERTOWN TIMES, June 6, 1957, at 82.

²⁸ Explore PA History, *supra* note 16.

²⁹ *Id.*

³⁰ *Id.*

³¹ *Id.*

³² *Id.*

³³ Explore PA History, *supra* note 16.

³⁴ *Id.*

³⁵ W.E. CLAUSSEN, A HISTORY OF COLEBROOKDALE TOWNSHIP at 4.

³⁶ *Id.*

³⁷ *Id.*

found traveling on the ends of freight trains all across the United States.³⁸ The were, in 1900, six trains in each direction daily.³⁹ All outgoing trains (that is, those headed toward the junction with the Reading in Pottstown) were loaded with caskets from Boyertown's famous casket company.⁴⁰

b) The Colebrookdale Railroad as a corridor is associated with lives of persons significant in our past. As discussed above, the line passes through or adjacent to the mansion houses and iron plantations of the earliest iron masters in the colonies, the Rutter and Potts Families. The line served the same industries founded by these pioneers, albeit through later firms. That the Colebrookdale line was first proposed in the early 1850s,⁴¹ very early on in the history of railroad building in the United States, indicates the challenges Rutter and Potts and their successors faced both in getting ore from the mines to furnace and foundry, then subsequently, the finished products to market. From the time the furnace opened in 1720 until the railroad could be completed, teams of horses were used to lug supplies and finished castings several miles to Douglassville.⁴²

Joseph Bailey of the Bailey Family, pioneers in the manufacture and handling of iron in Pennsylvania, had long been the operator of the Colebrookdale Iron Works when he and his brother Edward petitioned the General Assembly to create the Colebrookdale Railroad Company on March 28, 1865.⁴³ Joseph Bailey became president of the Colebrookdale Railroad, a capacity in which he served until 1904.⁴⁴

In addition to its association with early industrial icons, the Colebrookdale line is associated with events significant in the region's past. On Monday, January 13, 1908,⁴⁵ the great, dust-laden curtain on the stage of the Boyertown Opera House caught fire. Within minutes, the Opera House was entirely engulfed in flames. About 10:00 PM, Boyertown fire officials placed a call to the Good Will Fire Company of Pottstown.⁴⁶ Good Will loaded up their steam pumper fire truck, hose cart, and 50 firemen onto the Colebrookdale Railroad, arriving in Boyertown at 11:30 PM to assist with the blaze.⁴⁷

³⁸ *Union Foundry is Town's Oldest Plant*, BOYERTOWN TIMES, July 23, 1966, at P3

³⁹ *Milk Trains, Livery Stable, Trolley Kept Things Moving*, BOYERTOWN TIMES, June 8, 1982.

⁴⁰ *Id.*

⁴¹ *Id.*, *supra* note 12.

⁴² *Id.* The General Assembly had actually passed the Act creating the Colebrookdale Railroad on April 15, 1853. However, financial backing was not sufficient at that time, thus requiring a second Act, this one of March 28, 1865.

⁴³ *Id.*, *supra* note 12.

⁴⁴ *Id.*

⁴⁵ *Historical Notes on the Colebrookdale Railroad*, Roy K. Miller, Pottstown and Reading Chapter of the National Railroad Historical Society, August 30, 2008.

⁴⁶ *Id.*

⁴⁷ *Id.*

When the fire was finally extinguished, the Opera House had burned to the ground, killing 170 people inside.⁴⁸ Most of the remains were charred nearly beyond recognition. On Sunday, January 19, 1908, special Colebrookdale Railroad trains brought 7,000 people to a service for twenty five unidentified victims of the fire who were interred together in a mass grave on a hill overlooking the station.⁴⁹ The Opera House fire gave rise to the enactment of new, comprehensive fire codes across the United States. Crowds rushing to exit the blazing building had pushed forward against the inward-swinging doors, preventing them from being opened. Entrance doors that open out from the building, rather than in toward the building, are now a standard practice because of the Boyertown Opera Fire.

In April of 1912, the same month of the Titanic's ill-fated night, the Bally (PA) Post Office and Store were destroyed in a large fire.⁵⁰ As soon as the fire was discovered, a call was sent to Boyertown for help.⁵¹ After Boyertown failed to respond, calls were placed to East Greenville and Pottstown.⁵² Good Will Fire Company, the same who had rushed to the scene for the Opera House Fire, loaded a Colebrookdale Railroad rescue train in Pottstown—*making the twisting, turning 13 mile trip to the line's end in an astonishing 17 minutes.*⁵³

Local lore has passed down the tale of a famous run-a-way freight car on the Colebrookdale line—a tale that illustrates the danger and excitement of days gone by. On August 29, 1929, a gondola car loaded with 40-50 tons of pig iron broke loose from the Colebrookdale Iron Company with two men precariously perched on top. It began rolling toward Pottstown, building speed across the spindly wooden trestles and down the winding valley. Some furious work by the Boyertown Station telegrapher alerted all the stations along the route and the Colebrookdale Junction (switch) tower. Switches were aligned so to direct the car to the nearest uphill grade sufficiently steep to halt its building momentum. By Pottstown, the car had become a steel bullet, barreling by at an uncontrolled 60 mph. The car was switched onto the mainline, headed toward Philadelphia. Finally, at Sanatoga, many miles from Pine Forge where the unexpected adventure began, the car coasted to a stop—with two very scared and very relieved men still on board.⁵⁴

c) The Colebrookdale Railroad was completed just four months after the last spike was driven on the Transcontinental Railroad. While much of this latter, obviously more famous line has been significantly rebuilt, the Colebrookdale Railroad retains much of its early fabric. It embodies distinctive

⁴⁸ *Id.*

⁴⁹ *Id.*

⁵⁰ *Id.*

⁵¹ *Id.*

⁵² *Id.*

⁵³ *Id.*

⁵⁴ Entire paragraph, *id*

characteristics of the early period of railroad construction. To avoid difficult and costly cuts and tunnels, the railroad follows a twisting and turning route along the Manatawny and Ironstone Creeks. This necessitated the use of multiple bridges and trestles. Because the line was not subject to the sort of heavy traffic that necessitated the sort of upgrading and rebuilding most rail lines got, the original timber trestles and distinctive early bridges remain. The narrow stone arch bridge at Pine Forge and the tall, spindly trestles at mileposts 3.74, 4.21, and 7.37, for instance, are particularly fine examples of very early construction that, on a more heavily used line, would have been replaced by more modern spans. *While these individual structures are likely significant, the rail line is unique in incorporating so many different types of them in a bucolic setting reminiscent of the early days of their existence.*

2. Significance of Individual Elements:

The line contains eleven bridges and trestles all over fifty years of age and most dating to the early years of railroad construction. Though East Penn's documentation fails to emphasize this point, no two bridges on the line are the same. The through-plate, riveted girder open deck bridge at milepost 0.08 is within sight of the location where the first iron railroad bridge in the United States was constructed. This bridge retains the characteristic Reading Green of the Reading Company which operated the Colebrookdale line for most of its life. Indeed, the concrete slab bridge at milepost 2.12 proudly bears the logo of the Reading Company—a diamond evocative of the fact that the anthracite coal for which the Reading was known was referred to as "black diamonds"—on either side. Inside the diamond is the date of construction, 1929. At milepost 3.48, a unique combination steel girder/stone arch/open deck/deck plate girder bridge crosses both the Manatawny Creek and Pine Forge Road. The stone arch component of the bridge dates from the early history of the line and is crafted from Pennsylvania stone. Chisel marks are still visible on the stone. At milepost 4.21, an open deck timber post trestle with steel stringers spans Grist Mill Road. Like the other timber trestles on the line at mileposts 3.74 and 7.37, this structure is essentially the same today as it was 139 years ago when the line was built. Timber trestles are rare (notice that there are only 12 on the National Register) because most were replaced by railroads long ago as maintenance headaches.

The following information about the line's contributing structures indicates the degree to which the Colebrookdale Railroad, despite its short length, incorporates a multitude of historic structures as it makes its course through the valleys associated with our early iron making past. It is provided by the Reading Company Technical and Historical Society. We note that neither East Penn nor the PHMC have taken into consideration the adverse impact removal of ties and rail will have on these structures.

Bridge at Milepost .80 - High Street, Pottstown - the construction contracts to build this bridge were signed in September 1908. The fill

across the meadow to the north of the High Street bridge was built in 1920-1921. Prior to that, this was a long wooden trestle.

Bridge at Milepost 2.12 - Glasgow - concrete slab over road - construction authorized in August 1929, completed early 1930.

Bridge at Milepost 3.48 - Pine Forge - over Manatawny Creek. The stone arch abutments were probably part of the line's original construction in 1869. For the original bridge, the main spans over the creek were wood "Foreman" trusses, probably covered with wood siding. "Pine Forge" station was known as "Manatawny" station until the name was changed effective May 22, 1910

Bridges at Mileposts 3.74 and 4.21 - two large wood trestles north of Pine Forge. Although the individual timbers within these structures have probably been replaced many times since original construction, this style of timber trestle was once very commonly used when constructing new railroad lines in the 1800's, yet [we] do not believe any others survive today in southeastern Pennsylvania, and relatively few survive nationally in proportion to how common they once were.

Bridge at Milepost 7.30 - through truss over Ironstone Creek, south of Boyertown - this is the span that was originally erected elsewhere, over the Schuylkill River south of Port Clinton. At its former location, it was part of a 2-span bridge, erected about 1905 by Phoenix Bridge Co., replacing a wooden covered bridge. In the early to mid-1920s, the Reading Railroad carried out a major project south of Port Clinton involving relocating the Schuylkill River, and moving its mainline tracks so as to eliminate this and another bridge, and a tunnel. Once that project was complete, the spans of the unneeded bridge were moved elsewhere, with one span re-erected south of Boyertown, circa early 1927, replacing a 28-span wooden trestle.

III. No Review of Contributing Individual or Adjacent Historic Structures Affected by the Abandonment Was Undertaken

A. Failure to Review Individual Contributing Historic Structures

East Penn's April 2 letter to the PHMC stated that the line's eleven bridges "appear to be 50 years old or older" but are "quite common" and "in East Penn's view, have no historical significance."

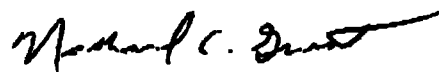
As mentioned previously, the bridges and trestles are clearly much older than 50 years; photographic evidence indicates many date back to the very first days of the railroad. Though East Penn is neither qualified nor authorized to evaluate the structures

historical significance, the railroad failed to initiate a reviews of the individual structures with the PHMC. Such evaluations should be required prior to abandonment because of the adverse effect removing the rails, ties, etc., from those historic structures will pose to them

B. Failure to Consider Impact on Adjacent Historic Structures

There are numerous National Register and Register-eligible properties adjacent to and within the viewshed of the railroad, including Pottsgrove Mansion, the Rutter Mansion, Colebrookdale Iron Works, etc. These structures are thematically intimately connected with the railroad; the fortunes that constructed them were based on the service the railroad provided. The Potts and Rutter mansions, along with numerous other properties along the Colebrookdale line, are Register-eligible.

Respectfully submitted,



Nathaniel C. Guest

Enclosures:

Please see attached letters of endorsement for various historical societies.



THE HISTORICAL SOCIETY OF BERKS COUNTY MUSEUM & LIBRARY

940 Centre Avenue, Reading, Pennsylvania 19601

September 5, 2008

Dear Nathaniel Guest, Berks County Commissioners, STB Officials:

The former Colebrookdale Branch of the Reading Railroad has been serving the communities of southeast Berks County since the fall of 1869. This line was once supported by agricultural shipments and for many years iron ore and other quarry products. It played an important role in the industrialization of Berks County and northern Montgomery County.

Two wooden trestles still survive along the Colebrookdale line. Although on a national level wooden trestles are not uncommon, within Berks County and the immediate surrounding area they have all nearly vanished. These two trestles may be the last in Berks County supporting an active rail line.

The Historical Society of Berks County supports any effort to preserve the Colebrookdale line and request that before any action is taken to abandon the line a full historical survey is conducted with the intentions of preserving this tiny but locally significant rail line.

Sincerely,

Benjamin L. Bernhart

Trustee & Guest Curator
175th Anniversary of the
Reading Railroad Exhibit

phone (610) 375-4375



fax (610) 375-4376

The Treasure House of Berks County
<http://www.berkshistory.org/>



P.O. BOX 15143 • READING, PA 19612-5143

August 24, 2008

Nathaniel Guest
4020 Prospect Hill Lane
Pottstown, PA 19464

RE: Colebrookdale Railroad

In regards to the pending abandonment application by the present owner of the former Colebrookdale Branch of the Reading Railroad, we have been asked to comment on the line's historic significance.

The Colebrookdale Railroad was constructed by the Reading Railroad and opened in 1869. The line was locally important to the small rural communities through which it passed, and was especially important for the growth and development of the towns of Boyertown, Bechtelsville, and Barto. Without the railroad, industrial development in these towns, mostly in the form of iron ore mining, iron making, foundries, and other metal forming, would not have occurred.

However, the Colebrookdale line never achieved the traffic levels its builders had hoped for, and consequently, the Reading never spent much to upgrade the line. Ironically, this underinvestment means that today, the Colebrookdale Branch, as it passes through a still rural and isolated countryside, looks much like it did in the 19th Century, much more so than most other railroad lines. In particular, the line's bridges are almost a linear museum of railroad bridge technology. Most notable are the two wooden trestles above Pine Forge, possibly the only remaining large examples in eastern Pennsylvania of this type of once-common construction. Also notable are the stone arches of the Manatawny Creek bridge at Pine Forge, stonework which probably dates to 1869, and also the Ironstone Creek steel truss bridge below Boyertown, originally built in 1905 and moved to its present location in the late 1920s. A variety of other bridge styles are also extant along the line.

One of the chartered goals of the Reading Company Technical and Historical Society is to promote the use of rail transportation. Proposals are ongoing to restore passenger service between Reading and Philadelphia due to energy costs and highway congestion, and this line stands as a potential feeder line. Because rail transportation is more energy-efficient than trucking, retention of the line for potential future freight transport merits consideration. We support the retention of the Colebrookdale Branch if there is a continuing need for rail service.

Sincerely,

Richard K. Bates

Richard K. Bates
Archivist & Publications Editor,
Reading Company Technical & Historical Society

The Boyertown Area Historical Society
43 South Chestnut Street, Boyertown, Berks County, PA 19512
Phone: 610 - 367-5255

Surface Transportation Board,

The importance of preserving the Colebrookdale Railroad spur is twofold. First is the historic value of the line. Historically the line was important to many people and businesses in the area. Between Pottstown and Boyertown and beyond were numerous small villages and farms which utilized the railroad. The early iron industry was one of the major reasons the railroad was built. As the small iron foundries evolved into larger operations a better mode of transporting the manufactured goods was necessary. There are three sites of these early iron industries along the route of the rail line, Glasgow, Pine Forge, and Colebrookdale. Pine Forge specifically still has some of the original buildings and has been registered as a National Historic site. Boyertown at one time had some large businesses, The Boyertown Burial Casket Company, Boyertown Body Works and two iron foundries which took advantage of the convenient transport of freight. The Colebrookdale rail line was used by farmers to transport goods such as fresh milk and produce to some of the larger markets and also by livestock dealers to transport horses and cattle. Rural people used the passenger service to access schools and shopping. A well known historic event in Boyertown was the Rhoads Opera House Fire of January 13, 1908. The Colebrookdale railroad was utilized to bring in additional fire equipment, officials, relief workers and families of the victims. Without the rail line much needed assistance would have been very slow in arriving. The building in which the fire occurred still stands adjacent to the railroad in Boyertown. The rail line itself is very historic in nature. The route it follows extends through some of the last undeveloped land in the area with numerous eighteenth and early nineteenth century farms and small villages along the tracks. One feature is an Indian burial mound in the vicinity of Pine Forge. In addition some of the structural features are very unique, a number of the trestles and bridges are of unusual construction. East Penn's report does not fully represent some of these historic features. The above mentioned criteria definitely indicate that the Colebrookdale spur is and should be recognized as a historic site.

In addition the rail line has the potential to be useful as a tourist attraction or even further use as a freight and light passenger service. In view of the recent discussion concerning reinstating passenger service in the vicinity, it may be a viable notion to retain this spur for future use.


Lindsay Dierolf, Director
Boyertown Area Historical Society

EXHIBIT SCOTT-4

EXHIBIT "A"

VALUATION STUDY
USRA LINE 909
COLEBROOKDALE INDUSTRIAL TRACK
FOR
PENNSYLVANIA DEPARTMENT OF TRANSPORTATION

Main Line Management Services, Inc.
520 Fellowship Road
Suite A-105
Mt. Laurel, NJ 08054
(609) 727-5000

December 31, 1998

MAIN LINE

Main Line Management Services, Inc.
520 Fellowship Road, Suite A-105
Mount Laurel, New Jersey 08054-3407
(609) 727-5000 / Fax (609) 727-0864
email: mlms@volcenet.com

January 7, 1999

John Brown, Director
Pennsylvania Department of Transportation
8th Floor-Forum Place
555 Walnut Street
Harrisburg, PA 17101-1900

Dear John:

Enclosed is our draft report of Fair Market Value for USRA Line 909. Our study evaluated both the track materials and underlying real estate. Fair Market Value was defined by PennDOT as "the value that would bring the highest achievable return for the property" regardless of the valuation methodology employed. It is our opinion, in the shortline and financial marketplace today, that the Value for Other Use, or Net Liquidation Value, represents the Fair Market Value. As a result, we have determined the Fair Market Value of Line 909 to be four hundred sixteen thousand dollars (\$416,000).

If you have any additional questions, please feel free to contact me.

Douglas Golden
Vice President

PURPOSE OF THE VALUATION

Main Line Management Services, Inc., was retained to undertake this valuation study, the purpose of which is to provide Pennsylvania Department of Transportation and Emons Transportation Group, Inc., with an estimate of the Fair Market Value of USRA Line 909 (the Colebrookdale Industrial Track) as of December 31, 1998. The valuation study includes land and track.

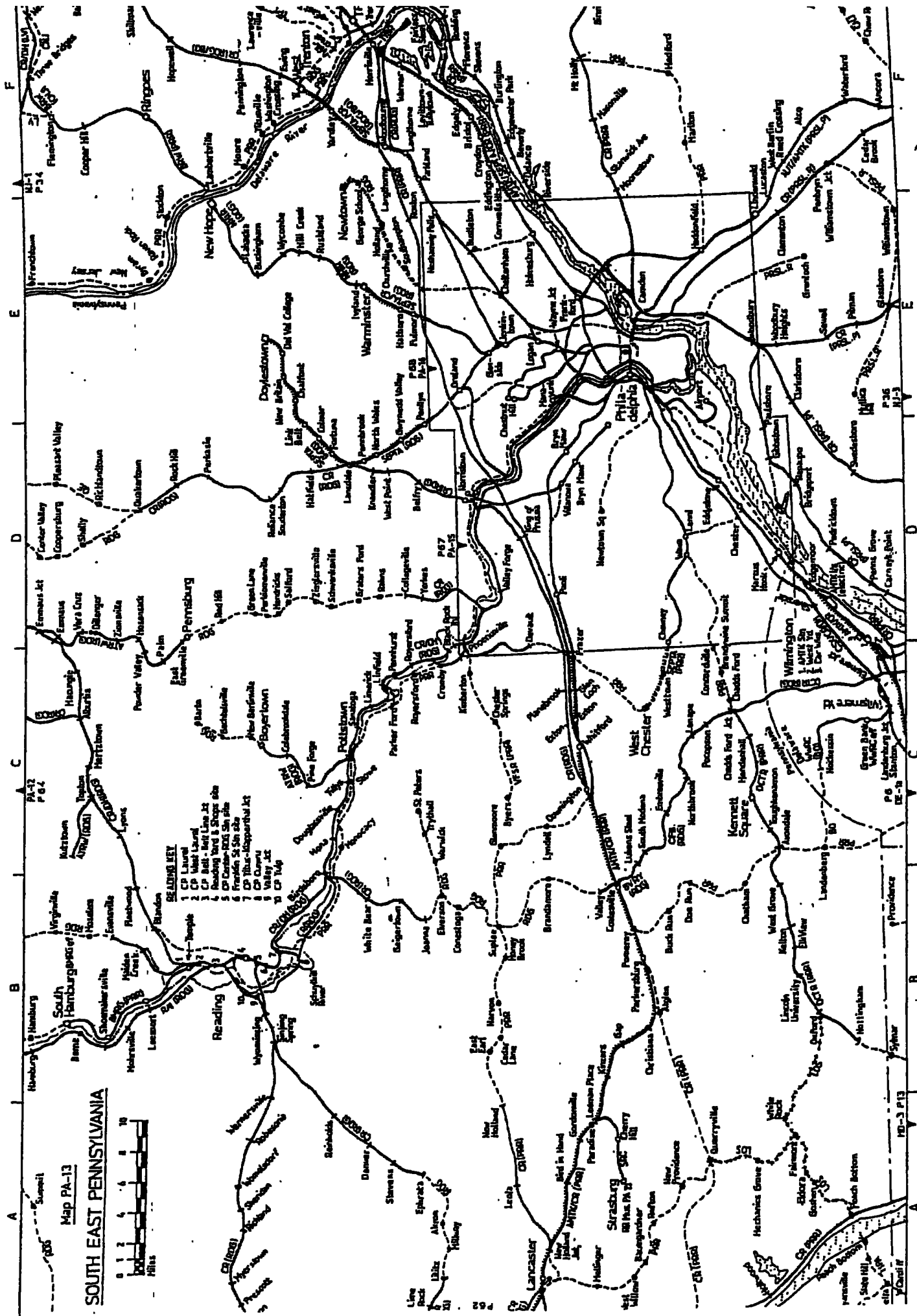
IDENTIFICATION OF THE PROPERTY

The subject property, USRA Line 909, is the former Reading Company Colebrookdale Industrial Track owned by the Pennsylvania Department of Transportation and currently being operated by the Penn Eastern Rail Lines, Inc., a subsidiary of Emons Transportation Group. The line is the remainder of a route that formerly ran from Colebrookdale Junction to Barto. The existing line begins at Milepost 0.0 at Colebrookdale Junction (just west of Pottstown), Montgomery County, where it intersects with the Conrail main line between Philadelphia and Reading, and terminates at about Milepost 8.60 at Boyertown, Berks County. The enclosed map details the line's location.

PROPERTY HISTORY AND DESCRIPTION

The subject property is an operating railroad line. It was originally constructed and operated by the Colebrookdale Railroad, commencing in 1865 and opening in 1869, eventually running between Pottstown in Montgomery County and Barto in Berks County. It was leased to the Philadelphia & Reading Railroad and operated by the Reading until 1976. In 1976, most of the operating rail assets of the Reading Company were conveyed to Consolidated Rail Corporation (Conrail) by the United States Railway Association (USRA) under a Federally approved plan for the disposition of the operating assets of the then bankrupt Reading Company. Some lines, designated as Light Density Lines (LDLs), not considered economically viable, were designated for abandonment unless state or local agencies or other financially responsible parties could come forth with funding to continue the lines in service in an effort to preserve rail service to local industries. Sections of the Colebrookdale were in this category. Portions in Montgomery and Berks Counties, USRA Line 909, were acquired by the Commonwealth in early 1982. The line has had three operators, the Anthracite Railroad, the Reading, Blue Mountain and Northern Railroad, and the East Penn Railways, which began operations in 1995. East Penn was acquired by Emons Transportation in 1997, when the name was changed to Penn Eastern Rail Lines.

The subject line starts about 0.3 miles west of the former Pottstown station on the Conrail main line and runs along the west bank of Manatawny Creek in Pottstown Borough, Montgomery County. The line runs northwestward, crossing Route 100 and passing under Grosstown Road, entering West Pottsgrove Township at about Milepost 1.35. The line continues northwestward through West Pottsgrove, bridging one road and entering Douglass Township, Berks County, near Milepost 2.28. The line crosses Manatawny Street, then turns northeastward through the community of Pine Forge, bridging Manatawny Creek, a private road, and another creek. The line continues northeastward, bridging a public road, Fillman's Run, and two more public roads, before crossing Greshville Road. The line bridges another public road, then enters Colebrookdale Township at about Milepost 7.00. The line bridges Ironstone Creek and a public road before entering Boyertown, at about Milepost 7.70. The line continues under 2nd Street, crosses 3rd Street and Philadelphia Avenue (Route 73), and bridges 4th Street, continuing to its end in another 0.3 miles.



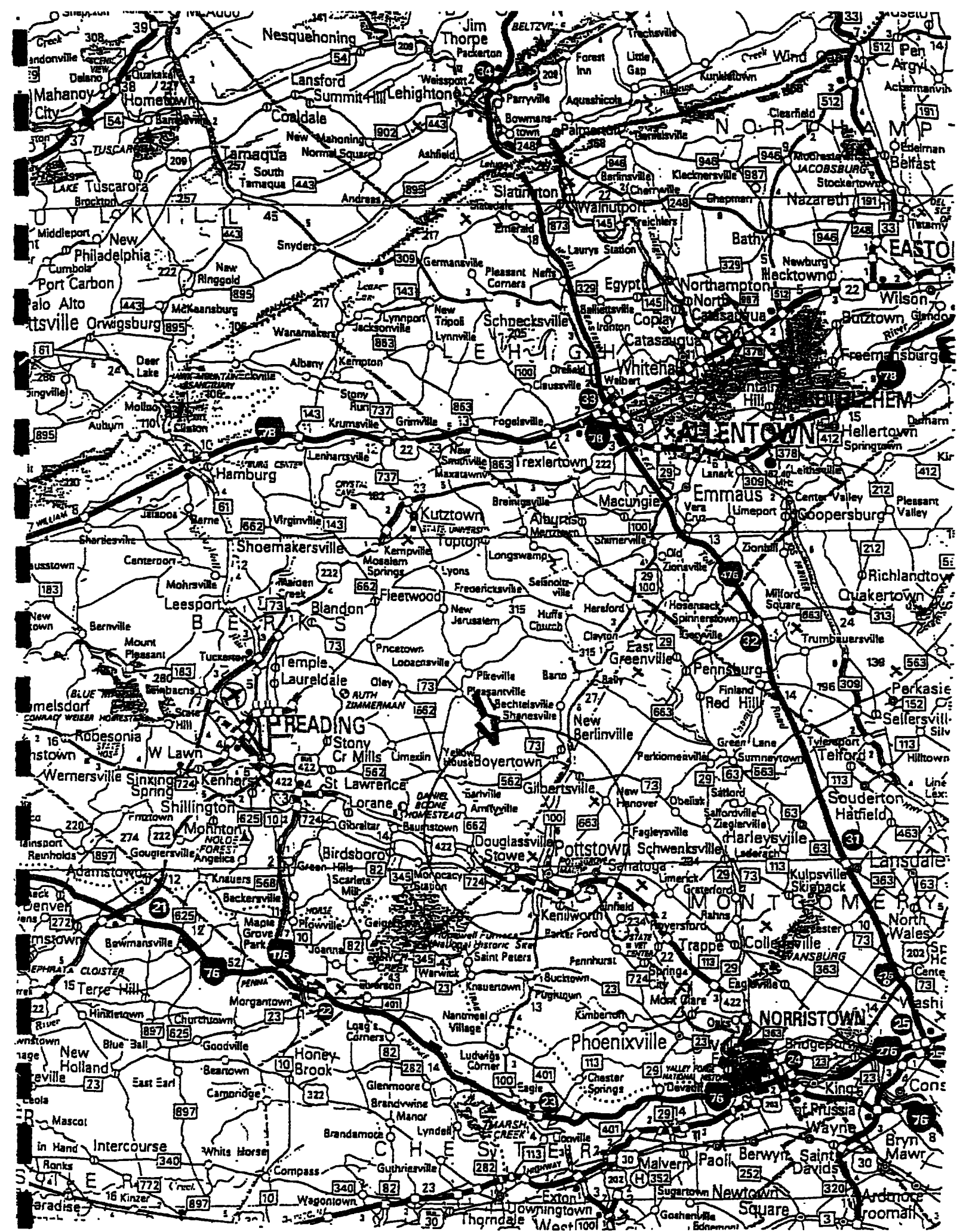
Map PA-13

SOUTH EAST PENNSYLVANIA



LEGEND

- 1 CP Laurel
- 2 CP West Laurel
- 3 CP East Laurel
- 4 Reading Road & State Rd
- 5 CP Center Rd & State Rd
- 6 CP Center Rd & State Rd
- 7 CP Center Rd & State Rd
- 8 CP Center Rd & State Rd
- 9 CP Center Rd & State Rd
- 10 CP Center Rd & State Rd



The right-of-way varies from a width of about 30 feet to 178 feet. It runs at grade in Pottstown and Boyertown, as well as some segments in between. The remainder is on man-made embankments through low and wet areas, as well as through a few cuts. The terrain is generally similar for the length of the line, being gently rolling. The surrounding area through Douglass and Colebrookdale Townships is rural. Agriculture is still an active enterprise in the area. There are no major industries along the line, although there are some small, light industries in Boyertown. Most of the corridor is along watercourses, however, it is reasonably accessible to local roads.

LOCATION AND ZONING DATA

The line passes through the southwestern corner of Montgomery County, the most populous of the counties that comprise the suburban Philadelphia metropolitan area, as well as the eastern edge of Berks County, site of the Reading metropolitan area about 15-20 miles away. Route 422, an interstate quality highway linking Pottstown with the King of Prussia area and the Pennsylvania Turnpike, is just south of the corridor.

Montgomery County has a diverse economic base, being the main or regional office headquarters for many national companies, as well as having considerable manufacturing and distribution activities. In the more rural northern part of the county, agriculture is still active, primarily dairy farming. The County covers about 492 square miles, with the County Seat at Norristown, about 20 miles southeast. The Borough of Pottstown is at the south end of the line. Located on the Schuylkill River, a diverse economy of light industrial and service based industries has replaced the iron and steel manufacturing businesses.

Berks County is an urban county in southeast Pennsylvania. It is bisected by I-78, the main route between Harrisburg and New York, and is also served by the Pennsylvania Turnpike, linking Philadelphia and Harrisburg. Primary economic activities are light and heavy manufacturing, agribusiness, commercial services, and tourism. The County covers about 864 square miles, with the County Seat at Reading, a metropolitan area of nearly 100,000 people about 15 miles west. In Pottstown and Boyertown, the line runs through industrial and commercial zoned districts. Zoning along the line's open segments is rural residential and agricultural, with large segments having little or no development potential due to the adjacent watercourses.

ASSUMPTIONS AND LIMITING CONDITIONS

The Valuation Firm (Main Line Management Services, Inc.) assumes no responsibility for legal matters, nor does it offer any opinions as to the validity of the title to the subject property, which it assumes to be free and clear of all encumbrances and therefore marketable. It does not guarantee the existence or non-existence of liens or encumbrances upon the property. Furthermore, no guarantee is made as to the current ownership of the subject properties.

The Valuation Firm has neither been supplied with nor had actual certified surveys or legal descriptions made of the property. Therefore no metes and bounds descriptions of the subject property will be used. Total acreage has been developed through the use of Line 909 valuation maps provided by PennDOT. The Valuation Firm has made its best estimate as to the scope of the subject property, but the Firm does not guarantee the accuracy of its estimates.

DESCRIPTION OF LINE

USRA Line 909, the Colebrookdale Branch, was purchased in 1982 by the Department from the former Reading Company. The Line is located in Berks and Montgomery Counties and extends between milepost 0.00 at Colebrookdale Junction and milepost 8.60 at Boyertown for approximately 8.6 miles. The Line was upgraded in 1990, through a capital project, to Federal Railroad Administration (FRA) Class II operating requirements. This rehabilitation projects' major items of work consisted of tie renewal, surfacing of track including ballast, grade crossing renewal and some bridge deck repairs. The total cost of this upgrade was approximately \$906,000. Since 1982, the Department invested a total of \$1.3 million in maintenance or rehabilitation work on the Line. The Line was appraised in December of 1998 with the fair market value determined to be 416,000. The width of the right of way ranges from 30 feet to 178 feet with the average width being 60 feet. It is estimated to have 66.1 acres of land. The running rail is 100 pound with the crossties spaced at 22" centers.

The Line was operated from 1983 to 1989 by Anthracite Railway, from 1990 to 1995 by Blue Mountain and Reading Railroad, and from 1996 to the present by Penn Eastern Rail Lines, Inc. (formerly East Penn Railways).

The drawings for the acquisition of right of way are recorded in the Office for the Recording of Deeds in Berks County, in Deed book 1813, page 855, and in the Office for the Recording of Deeds in Montgomery county in Highway Book No. 46, page 58 to 70.

The Valuation Firm further states that the value of land as reported in this valuation and applied to the subject property must not be used in any other manner nor in conjunction with other reports and if so applied, it becomes invalid.

For the purposes of this assignment, Value for Other Use (VOU), which produces Net Liquidation Value (NLV), has been chosen as the method of valuation to determine the highest achievable value for the line, herein defined as the Fair Market Value.

The valuation is to be used in whole and not part. No part of it shall be used in conjunction with any other appraisal. No change of any item of the valuation report shall be made by anyone other than the Valuation Firm, which shall have no responsibility for any such unauthorized change. The client agrees that this valuation report shall not be quoted or referred to in any financial statement of the client or in any documents filed with any governmental agency without the prior consent of the appraiser.

The Valuation Firm, by reason of this report, is not required to give testimony with reference to the property valued, unless arrangements have been previously made prior.

The valuation and value conclusion are contingent upon and assume that the subject property is unaffected by hazardous material and/or toxic wastes. No consideration has been given hazardous waste or other factors affecting environmental quality, no testing of any kind was performed by the Valuation Firm, and no representation or warranty is made by the appraiser as to the presence or absence of hazardous substances in the land and/or its improvements. The absence of such substances is assumed. The report further assumes the absence of wetlands restrictions along the subject corridor.

The valuation assumes future economic conditions will remain stable or improve in the foreseeable future. No attempt was made to forecast where or when business will be going since experts have changed their forecasts notably from month to month in the recent past. However we assumed an optimistic outlook because most buyers and sellers appear to view the future in this manner. A change in this viewpoint could affect value. The date of market value to which the opinions expressed in this report apply is December 31, 1998, as set forth in the letter of transmittal. The Valuation Firm assumes no responsibility for economic or physical factors occurring at some later date which may affect the opinion herein stated.

Unless stated in this report to the contrary, the value estimate is of the land, track and structures, and excludes buildings, equipment, personal property, business value, intangibles, and other such items. No opinion is expressed as to the value of subsurface oil, gas, or mineral rights and that the property is not subject to surface entry for the exploration or removal of such materials except as is expressly stated. No consideration is given in the appraisal report to the value, if any, attributable to growing crops on any portion of the property valued, except as expressly stated. No consideration is given in this report to the cost of moving or relocating personal property, if any. Proposed construction, if any, is assumed to be completed in a workmanlike manner within a reasonable period of time, unless otherwise stated.

No opinion was intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers/consultants, although such matters may be discussed in the report.

No opinion as to title was rendered, unless specifically requested by the client. However, the impact of the quality of title on property values was considered as part of this report. Data on ownership and related matters were obtained from sources generally considered reliable. The property was valued assuming it to be under responsible ownership and competent management and available for the highest and best use, unless otherwise noted herein.

If applicable, the projections and forecasts used herein were based on estimates and assumptions which were subject to uncertainty and variation, and were independent of events beyond our control. The Valuation Firm does not represent them as results that will be actually achieved. Variations may be material. They were made on the basis of information furnished to us and our experience with the real estate industry. The Valuation Firm believes they properly reflect the methodology used by other professional appraisers as well as buyers and sellers in the marketplace on the effective date of the valuation.

SCOPE OF THE ASSIGNMENT

The scope includes a valuation, based on track charts, land sales reports, valuation maps, and inspection reports of the subject property. The valuation is based on Fair Market Value, which is defined as the value that would bring the highest achievable return regardless of the valuation methodology used. Under this definition, the highest achievable return is not necessarily the highest value produced under any given methodology, but is the highest price a willing buyer would pay to a willing seller in an arms length transaction.

This valuation takes into consideration the value of the rail line if it were to be abandoned, including the highest and best use of the underlying real estate and the track materials. As this corridor is a light density rail line generating relatively little net revenue, the net liquidation value is believed to be the highest achievable value for the rail and land assets.

The investigation process included an examination of public records, inquiry of the local assessor's office, examination of properties sold, development of pertinent factual information (i.e., zoning, improvements, etc.) and, inquiry of the various parties (such as broker or attorney) directly involved in or having knowledge of the land transactions. Track materials have been assessed based on inventories developed from PennDOT's track charts and confirmed by field inspection, as well as discussions with contractors as to present market values of materials. This valuation follows the procedures set out in 49 CFR 1155, but is subject to the limitations included in the Assumptions and Limiting Conditions section above.

COMPUTATION OF ACREAGE

Using the valuation maps provided by PennDOT, the acreage of the line has been estimated. The line is approximately 8.6 miles in length. The corridor ranges from 30' in width to 178'. The average width is about 60'. We have estimated that the line contains about 66.1 acres of land.

CONDITION OF TITLE

Railroad Valuation Maps containing a plotting of the subject rail line and some title data were made available by PennDOT for inspection and review. As was typical, the line was assembled by the acquisition of contiguous parcels from adjacent land owners.

Most of the acquisitions were by "Release of Interest" from the fee owners, commencing in the 1860's. Release instruments are considered a "Quit Claim" for a specific purpose. During the past 25 years of rail right-of-way disposal in the Northeast, such conveyances have not been viewed as conveying good, marketable title. For the purposes of this valuation, based on the documents reviewed, it is necessary to devalue the properties based on this poor quality of title to the underlying lands.

VALUATION PROCESS - LAND

The valuation process develops a well supported estimate of defined value, which is based on consideration of all pertinent general and specific data. Property value estimates are arrived at by applying specific procedures which reflect three distinct methods for analyzing data mathematically: sales comparison, cost, and income capitalization. One or more approaches are used in all estimates of value; the approaches employed depend on the scope and type of property, the use of the valuation, and the quality and quantity of data available for analysis.

All three approaches may be applicable to many valuation problems. However, one or more of the approaches may have greater significance in a specific assignment. The Valuation Firm has considered all three approaches to value, namely the Replacement Cost, Income Approach and the Market Data (Sales Comparison) Approach. Each approach was analyzed as to the appropriateness when applied to the Fair Market Value of the subject property.

Two of the three traditional appraisal approaches are largely inapplicable. In estimating the value of the subject corridor, the Income Approach should not be used because it is not appropriate to value the railroad as an income producing property since this would value the business as well as the real estate. The Cost Approach should not be used because the replacement costs of the land and track improvements are so great as to make this cost prohibitive in the free marketplace, thereby creating an unachievable value.

MARKET DATA APPROACH TO VALUE

The Market Data, or Sales Comparison, Approach is used in estimating the market value of the various components of the subject property. This approach estimates value by comparing the subject property to similar properties that have sold. The known value of the sales can be used to provide an indication of value for the subject property.

The Market Data Approach involves a detailed comparison of sales of comparable or reasonably competitive properties with the subject. In the appraisal of railroad rights-of-way, the availability of comparable rights-of-way for analysis is critical to the valuation process. One of the limitations is that exactly similar properties seldom exist in the open market, particularly in the case of the subject property. The comparable values used herein, derived from local sales, are felt to offer reasonably good comparisons to the subject. Rather than compare the overall price paid for the comparable sale, the sales data better relates when reduced to units of comparison. The price paid per acre of land is the basis of comparison.

HIGHEST AND BEST USE - VACANT LAND

The highest and best use of a specific parcel of land is shaped by competitive forces within the market wherein the property is located. The analysis and interpretation of highest and best use is an economic study of market forces focused on the subject property. Market forces may also shape market value. Data which is obtained to determine value is also considered to formulate an opinion of the subject's highest and best use. Consequently, the highest and best use can be described as the foundation on which market value rests. It is our opinion that the highest and best use of the subject is for sale as a corridor. As developed in this report, the estimated per acre value of the subject if liquidated by parcelization would in total exceed the estimated value of a corridor sale.

APPROACH TO VALUE

As noted above, the land is to be valued by the Market Data Approach, i.e., comparison of land sales to the subject property. Historically, two types of market sales are considered.

1. Sales of lines that have sold for continued railroad use, or alternate corridor uses such as ski trails, scenic trails, gas or power line rights-of way, pipelines, etc.
2. Sales of adjacent land at or close to the subject property whose users, subject to zoning or usage, would be the alternative user of the railroad considering the discontinuance of the line for railroad purposes.

The first step is to determine the methodology by which the land is to be valued. The two accepted approaches used in the valuation of transportation corridors are:

1) VALUE FOR RAILROAD USE (VRU)

The value by this method is produced by adjusting land values comparable to the subject property. The first step is to determine Across The Fence Value (ATF). This method is defined by the Dictionary of Real Estate Appraisal, Second Edition (page 5), as "a means of estimating the price or value of the land adjacent to or *Across The Fence* from a railroad, pipeline, highway or other corridor real estate, as distinguished from valuing the right-of-way as a separate entity." Valuation on this basis entails estimating the value of the land as if vacant and available for development, assuming it to have the same highest and best use and the same unit value as the abutting land and under the same limitations of zoning or use. Sales, offerings and rentals of comparable properties were considered. By considering sales of nearby parcels of land, the appraiser can establish the land value "Across the Fence" from the subject property. This ATF value can be used as a starting point in estimating the value of the right-of-way. The subject R-O-W then is divided into land parcels reflecting the zoning or usages adjacent to the individual parcels.

Comparable sales are examined and adjustments are made to them for time of sale (from the date of the sale to the time of the appraisal), location (pertaining to the physical location of the comparable to the subject property), and natural topography. Since VRU assumes continued transportation use, it is not concerned with normal appraisal adjustments for size, shape, topography or access. It must be noted that all the comparable sales for the various parcels display a homogeneity of use with the subject property and its segments.

Upon arriving at an ATF value, the final step is to consider an enhancement value to the property. This is the estimated value over and above the ATF value, reflecting the added increment of the purchaser being able to buy the entire corridor from one seller at one time. It may be characterized as an "avoidance of cost". The advantages lie in the fact that in purchasing the corridor from one seller, the purchaser avoids dealing with many owners, thus avoiding the costs involved and a time delay involving the cost of lawyers and possible many condemnations.

If there is demand for the right-of-way to be used as a corridor, its value will be higher than the ATF value. This enhancement of the ATF value for corridor use is appropriate because a corridor has attributes that augment the utility of a parcel of land above and beyond the value of the surrounding land of which it is comprised. A corridor has continuity, interconnects places of importance, and has a capability of transporting a product or providing communication services. When the need for a corridor exists, ATF to price ratios of 1.1 to 2 are not uncommon. In some situations, this enhancement has resulted in ratios of up to and in excess of 10 times the ATF price, depending upon the existing demand and supply for corridor use and location.

The VRU of a rail corridor might be considered the Gross Value of the line, since adjustments are not made to reflect the differences between the subject property and its comparables, nor to reflect the cost of parcelizing and selling the properties.

2) VALUE FOR OTHER USE (VOU)

By this method, it is assumed that the land is to be parcelized into segments reflecting adjacent land use or zoning, and sold for alternative uses other than right-of-way. The beginning and ending points of the new parcel are to be determined on the basis of adjacent zoning and applicable land use. Additional segmentation may be determined by street or grade crossings. In most cases the typical buyer is presumed to be an adjacent land owner.

For purposes of VOU, adjusting comparable sales to the subject property would use as a base Across the Fence Values. Because of the unique physical characteristics of the line segment additional adjustments for size, shape, topography and, most importantly, access are required. The application of these adjustments tends to greatly decrease the adjusted price per square foot or acre of the subject property or any of its segments. This value will then be discounted by costs involved in disassembling and marketing the parcels to produce Net Liquidation Value.

The VOU of a rail corridor might be considered the Net Liquidation Value (NLV) of the line, as adjustments are made to reflect salvage costs and comparable land sales. The Surface Transportation Board defines NLV in their regulations 49 CFR, Section 1152.34 (1Ciii) and Section 1155.9 as being determined by computing the appraised market value of such properties for other than rail transportation purposes, less all costs of dismantling and disposition of improvements necessary to make the remaining properties available for their highest and best use, and complying with applicable zoning, land use, and environmental regulations.

Thus, when no demand for any corridor use exists and the highest and best use of the right-of-way is for liquidation by parcelization, the ATF value is modified downward. This discounting is for two reasons. First, the individual parcels within the right-of-way have lower utility than the surrounding land of which it is comprised. It is often long and narrow in shape, inconsistent in topography and use from the adjacent land, and often the adjacent parcel's attributes of road frontage and direct access.

Second, the discounting is appropriate because of the time and expense involved in marketing the property in this manner. Not only is it a cumbersome process, but the owner of the right-of-way may well be dealing with a prospective purchaser who is aware that he is in a position to make a "take it or leave it" offer. Assigning the appropriate ratio to the ATF value requires judgment on the part of the appraiser. In making this determination, the appraiser establishes the relationship in utility between the right-of-way and the adjoining property. The more useable the right-of-way is in conjunction with the adjoining property, the higher the ratio to be applied to the ATF value. A segment of the right-of-way that has substantially less utility than the surrounding land would have a significantly lower ratio applied to the ATF value.

Simply stated, to produce NLV, VOU may require discounting for sell out time of the subject property for non-rail purposes within the operating corridor as if the railroad has already been abandoned and, therefore assumed vacant of all rail improvements.

Depending on the number of acres available for sale, the impact on the market may have a tendency to reduce overall value because of the dramatic increase in land inventory. This will also result in an extended time period to sell the land parcels created by the abandonment. Additionally, some of the land may not be marketable due to location, access or other physical characteristics.

In estimating the time that it will take to market the land, all of these items must be considered along with the cost of marketing such as real estate taxes, and management. The net dollars produced for each year of the anticipated sell out period must then be converted into a present worth of the anticipated future yield.

The Lake Geneva decision by the ICC set guidelines for the valuation of railroad lines considered abandoned to produce net liquidated value. Our methodology for setting value follows these guidelines. It must be noted that a strong point is made as to title. The decision states that where there is no marketable title for any section or parcel, no compensation shall be paid to the seller. For the purpose of this valuation, the relatively good quality of title, as reflected by the type of ownership documents, is considered in determining value.

For the purposes of this assignment, VOU is used in assessing the highest achievable value for the line. It reflects the values that could be achieved if the line were abandoned and liquidated.

ACROSS THE FENCE VALUATION

Across The Fence values represent the average median of sales for a specific type of real estate. In arriving at Across The Fence values for the real estate, we gathered information from local tax assessors and realtors on sales of land comparable to the corridor in which the subject land is located. We then reviewed the necessity of adjusting the sales for time, location, physical characteristics, zoning, and the availability of utilities. The results of these adjustments are then applied against the Across The Fence values, then multiplied by the acreage to produce adjusted value per parcel, as shown in Appendix A.

1) **TIME:**

This reflects the increase or decrease in value from the date of the sale of the comparable to the date of valuation for the subject property. We have arrived at this adjustment based upon a review of sales and discussions with local realtors, appraisers and other knowledgeable real estate professionals in the area. We note that the regional market for vacant residential land along the corridor has been relatively active, although very few sales of industrial or commercial lands have occurred in the past few years. The 1998 comparables do not have to be adjusted for time as the market has been relatively stable throughout the year. However, comparables from 1997 and 1996 should be adjusted by 2% per year to reflect changes in market prices over that period of time.

2) **LOCATION:**

Reflects the desirability of the comparable to the subject property on the basis of geographical location of one to the other. We note that these comparables are within 3-5 miles of the rail corridor. Adjustments for location of 0%-15% are appropriate, depending on the specific parcels along the rail line.

3) **PHYSICAL CHARACTERISTICS:**

This adjustment reflects any differences between the comparable sale and the subject property. The land examined and used in this report was basically woodlands and farmland, mostly level and at grade. Much of the corridor is within the flood plain and on embankments, while the comparables are generally on more open tracts away from the flood plain. A considerable downward adjustment is made to reflect the nature of the right-of-way and its proximity to the flood plain. Moreover, the subject corridor, when subdivided, will produce parcels several acres in size. Comparables of one acre or less should be adjusted downward by 15% to reflect their smaller lot size.

4) **ZONING:**

We examined the zoning classifications of the comparables and the subject property to determine allowable uses as it applied to each property. Our investigation indicated that the zoning or usage was primarily residential, with agricultural zoned parcels being sold for residential use. Small segments of commercial or industrial parcels were roughly equivalent to the applicable zoning along the corridor.

5) **UTILITIES:**

Reflects an adjustment for any differences between the comparable sale and the subject property for public utilities such as gas, electric, water, sewer and telephone service. By and large, the subject corridor has about the same access to utilities as do the comparables.

VALUE for OTHER USE (VOU)

Valuing the Line 909 lands for other uses produces a Net Liquidation Value for the line. Under this approach, after determining Across The Fence values, they must be evaluated in light of the nature of the disposition land parcels, which must be adjusted for size and shape, access, and topography. The definitions of these adjustments are as follows:

- Size and shape is reflective of the unusual width and length of a specific parcel. We have applied a one hundred percent factor to the average width of one hundred feet and reduced this percentage for a width less than one hundred feet. Adjustments for size reflect the acreage of the subject parcels versus adjacent land usage.
- The adjustment for access is reflective of the ability of one to enter the property. Typically a parcel can only have access at road crossings. This greatly reduces the value of segments not at crossings, since the only person who can have access to those portions of a parcel is the adjacent land owner. The price to him has to be such that he will purchase it as opposed to using it without benefit of ownership.
- Topography refers to the adjustment for the segments running at or below grade, in cuts, and on cliff ledges, and the necessary cost incurred by a purchaser for a non-operating use to restore the land to grade and to remove the ballast. A significant downward adjustment is required to reflect parcels that are in flood plains and are largely on man-made embankments.

NET LIQUIDATION VALUATION - LAND

Net Liquidation is the most probable price in cash, terms equivalent to cash, or in other precisely revealed terms, for which the appraised property will sell. It is more restricted than Fair Market Value in that there is generally presumed a compelling need to sell immediately or in short term without regard for market conditions. Adjoining owners are the most frequent purchasers, making an analysis of sales in proximity to the subject very important.

Estimating the Net Liquidation Value assumes the usual costs attendant to such sales will be incurred. Such costs are generally unavoidable especially in the sale of large tracts and corridors. They entail surveys, subdivision, legal, marketing and in some cases demolition of improvements to enhance marketability.

We divided the subject corridor into segments based upon political entity, geography, zoning, and land use. We have calculated the total land area of Line 909 based on the valuation maps provided. A total of 66.1 acres of land are estimated along the route.

We have identified comparable land sales for each segment, using a total of 12 comparables. The average of the adjusted sales comparables was used to establish the unit value for each segment.

As shown in Appendix A, the total Across The Fence Value for the segments combined is \$2,185,718. After making the appropriate adjustments for size, shape, access, and topography, the adjusted ATF Value is \$1,743,069.

The above estimate reflects the probable retail value of all real estate. It is our opinion that due to the nature of the real estate as subdivided, it will probably take a longer period of time to market the land than it would for "conventional" parcels, even with a strong residential market. This is due to the substantial amount of undevelopable land. We are estimating that about two years would be required to sell-off all of the parcels, with two-thirds selling in the first year. Although some of the parcels may be unmarketable, we have not made adjustments for this factor.

However, it is necessary to adjust the project retail values to reflect the poor quality of title along the corridor. Based on the valuation maps and a sampling of the deeds, nearly 90% of the properties are held by a "Release" for a specific purpose, or in some other "reversionary" manner. Should the line be abandoned and liquidated, interest in these properties would generally revert to the fee interest owners (primarily the abutting property owners). While it may be possible to "quiet" title, this will come at some cost (making a payment to the fee interest title holders in lieu of a potential court proceeding). Moreover, in many instances, it will not be possible to "quiet" title, as the abutting owners will seek to invoke their property rights. To account for the costs of quieting title, which may frequently be as much as the estimated adjusted retail value, and to account for parcels that will be lost to abutting owners, we believe an adjustment of 70% to 90% is appropriate. For the purposes of this study, we have adjusted the retail value by 80%, resulting in an adjusted value of \$348,614.

A charge of 8% for marketing and sales commissions, administrative costs, advertising, and promotion, should be deducted. A discount rate of 10% reflects the risk inherent to an investor. A two-year sell-off at the 10% annual discount rate is performed in order to calculate the present value of the subject real estate. The present value is calculated as follows:

Total Retail Value	\$348,614
Less 8% Sales Costs	<u>\$27,889</u>
Adjusted Value	\$320,725

Based on the sell-off over two years, with two-thirds selling in year one, the Net Present Value is:

Year		
1	$\$213,817 \times 0.909091 =$	\$194,379
2	$\$106,908 \times 0.826446 =$	\$88,354
Estimated Present Value		\$282,733
Say		\$283,000

DETERMINATION OF NLV FOR TRACK

Gross value for railroad use is the salvage value of the track assets in-place. This differs from the book value of the track assets, which may reflect the cost new less depreciation. In determining the value of track and other assets on lines valued for other than railroad use, however, Net Liquidation Value (NLV) is developed. NLV is the net value of those assets, defined as the estimated value of the salvageable materials, less the cost to remove and transport to market, as well as the cost to cure any conditions caused by the removal of the track materials. NLV, therefore, is the reclaim value of the materials, less the cost to salvage.

The initial step in estimating track value is to assemble an inventory of track materials and define those physical assets considered to have the greatest potential value in liquidation. These assets include the ferrous metal components, such as rail, other track material (OTM), and turnouts, as well as cross ties and switch timbers.

It is assumed that no significant value can be realized from pole lines, rail lubricators, or bridge structures, as the cost to salvage generally exceeds the value of the reclaimed materials.

Generally, the same holds true for ballast, with the exception of relatively recent ballast applications in sections of over two inches, which may be salvaged as highway stone. It is also assumed that little value can be recaptured from antiquated grade crossing protection equipment or signals net of salvage costs; however, most of the crossing protective devices are relatively modern and have residual value.

Data for the track valuation were obtained from the track charts, as well as a field inspection of the line by Main Line Management on November 18, 1997. This inspection included driving the entire line, as well as walking at several locations to develop inspection samples. In developing the track inventory, metal components such as rail and other track materials (OTM) are grouped by the number of track miles per pattern weight.

The next step is to estimate the total weight of ferrous materials based on the quantities of each rail section, adjusted to reflect wear and loss of metal over the service life of the materials. This adjustment is subjective, based on the physical inspection of the line and an understanding of the traffic levels over the line, but is a standard industry practice (adopted by the General Manager's Association of New York and Chicago effective January 1, 1956). Adjustments of 5%-10% are typical. OTM tonnage is a function of the rail section used. Weights are expressed in net tons (2,000 pounds), as opposed to gross tons.

The ferrous materials are then classified as to fit for relay, fit for yards, reroll rail, or scrap. This is a key determination in estimating value. As a result of increasingly heavier wheel loadings in the industry, there is a limited market for light rail sections. Thus, rail less than 107 pounds per yard is generally considered scrap, as are heavier obsolete sections, such as 110 pound and 125 pound rail. Modern rail sections exhibiting significant end batter, curve wear, or other rail defects might also be identified as scrap or as available for re-rolling. Rail sections of 112 pounds and heavier are generally classified as fit for relay on either main line or branch line track, or fit for yards and sidings, but weights may need to be adjusted to reflect any rail defects and cropping requirements.

Unit prices for each classification are developed using current market information. This data reflects recent railroad experience, contractor's bids for materials, or institutional scrap prices for the wholesale value of the materials. Frequently, the unit prices are reported as F.O.B. mill; thus, the in-place value must then be reduced to reflect the cost to dismantle, sort, and transport the material to market. Other unit prices, however, may reflect the net price a contractor may pay to salvage the line.

Consideration must also be given to the potential value of reusable cross ties and switch timbers. While a large number of ties will have no re-use value, many of those installed in the past twenty years may be salvaged and sold either as fit for railroad re-use as grade 1 or grade 2 relay ties, or for landscape purposes. This classification is determined through the inspection process. The current market value for these ties is available from contractors or from railroad experience, less the cost to pick them up during the dismantling process. Values must also be developed for any modern and reusable signals or grade crossing protection devices.

To develop the estimate of NLV, consideration is given to the physical characteristics of the rail line, the method of material removal and cost of disposal, the quantity and quality of the materials salvaged, the cost to transport the materials to market, and any required restorations of the right-of-way, such as in the vicinity of grade crossings. Consideration of the time it will take to dispose of the materials must also be given if a large quantity of material is being marketed or if the line is to be removed in pieces.

LINE 909 INVENTORY AND OBSERVATIONS

The track inventory was developed based on the following data, observations, and assumptions and verified through a field inspection made by Main Line Management on November 18, 1998:

- Inventories provided by PennDOT and track charts showing rail weight were verified or adjusted by the field inspection. Rail lengths were generally 33'.
- About one-third of the 100# rail is considered reusable in yards, with the remainder considered scrap, being badly worn.
- By observation, OTM is deemed to be or yard quality or scrap, corresponding to the quality of the rail.
- Weight loss due to wear estimated at 10% for scrap and 5% for relay rail. No wear adjustments are made for OTM.
- The type and weight of turnouts was observed based on location. Turnouts were deemed to be of scrap quality.
- Tie spacing varied, but averaged about 22". There is evidence of significant tie programs in the early 1990's. Based on 100-tie samples, we have assumed 5% of the ties are rated as Grade 1 quality, about 35% of the ties are Grade 2, while 15% are considered landscape quality.

TRACK MATERIALS MARKET CONDITIONS

Over the past few years, prices for scrap generally were increasing, but beginning in mid-1998, scrap prices have plummeted sharply from previous high levels. This is largely due to the Asian economic crisis, as well as to the dumping of steel products into the North American market by overseas producers. Recent quotes from L. B. Foster and A & K Railroad Materials, large track contractors, indicate that the market price for scrap rail is now as low as \$72-\$73 per net ton (\$80-\$82 per gross ton). Other local track contractors and railroads trying to sell scrap materials have reported the same types of prices in the marketplace. Prices for OTM are reported to be about \$10-\$15 per net ton higher than for rail, largely due to the smaller size of the pieces. Reusable yard quality rail and OTM has a higher price than scrap, at about \$175 per net ton. Fit rail ranges from about \$200-\$325 per net ton depending on the weight of the section, with fit OTM running in the \$200-\$250 per net ton range.

Reroller rail is rail that is not fit for relay, but is in better than scrap condition. This rail can be rerolled, rather than melted down, and commands a higher value than scrap. Today's prices have dropped substantially. Prices at the mills at Jersey Shore (PA) and Chicago Heights (IL) now range between \$110 and \$125 per net ton. Fit turnouts generally bring about \$4,000-\$5,000 each, less the cost of removal.

The price for reuse ties has remained relatively high, reflecting the tie shortage in the market a few years ago. Though the availability of ties in the market has improved, prices have remained high. Grade 1 relay ties generally bring about \$9-\$10, while Grade 2 relay ties bring about \$5-\$6. Landscape ties have risen to about \$3.50-\$4.50 per tie. Older, but salvageable, highway flashers bring anywhere from \$3,000 to \$5,000 per installation, depending on the type of protection and the degree it can be reused. Many older crossing signals are obsolete and have no salvage value.

TAKE-UP COSTS

Many contractors quote their take-up costs as a function of tonnage, generally at about \$35-\$40 per net ton. Rail sections with six-bolt joint bars and sections with more OTM due to shorter lengths generally have higher costs, as will rail sections that average less than 100 pounds. However, welded rail is generally less expensive to remove. In the case of Line 909, we have assumed a take-up cost of about \$40 per net ton, which includes a brokerage and marketing fee of about \$5 per net ton that would be built into the price quoted by a contractor. In addition, scrap ties must be removed from a line that is being taken-up, at an estimated cost of \$1.00 per tie. It is assumed that the scrap ties will be left at grade crossings for the local population to use. The cost to transport rail materials to market averages about \$10 per net ton for products that can be marketed in the Mid-Atlantic states.

Contractors figure the cost of removing and marketing re-usable ties at \$1.00 per tie. This number is frequently factored into bid quotations for tie removal. In addition, a cost of \$2.00 per tie is estimated for storage and transportation to market. Take-up costs for turnouts vary with the size of the turnout, but generally fall in the \$1,200 to \$1,500 range. The cost to salvage highway flashers runs about \$1,000 per installation. The cost to restore grade crossings varies with the width and type of crossing; however, several contractors have indicated an average of almost \$1,500 per crossing can usually be expected for the type and size of the crossings found on the line.

TRACK VALUES

The track valuation is set out in Appendix B, which includes a table of gross values by component, as well as a table detailing salvage costs. The gross value of track materials as of December 31, 1998, is \$297,233, while the net liquidation value is estimated at \$132,737 (rounded to \$133,000).

SUMMARY OF VALUES

The following is a summary of the Value for Other Use of the major components of Line 909 as of December 31, 1998:

VOU

Land	\$283,000
Track Materials	\$133,000

TOTAL VALUE	\$416,000
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The estimated Value for Other Use for Line 909 is approximately four hundred sixteen thousand dollars (\$416,000) as of December 31, 1998.

FAIR MARKET VALUE

The Fair Market Value has been defined as "the value that would bring the highest achievable return for the property" regardless of valuation methodology. With that in mind, we surveyed several railroad financing institutions and several shortline companies to determine how values are set and financed in shortline transactions.

In arms length, private sector transactions, shortline companies generally will bid on properties based on some multiple of cash generated from operations. Depending on the nature of the transaction, this multiple would appear to be about 5-8 times cash generated. Frequently, the bid price is equated to a multiple of revenues, with multiples of 1-2 times revenues being common. When financing transactions, while banks will evaluate the cash generating potential, they will almost always lend exclusively on fixed assets. This financing is generally based on 80% of the net liquidation value of those assets.

Therefore, we conclude that the highest achievable return for Line 909, its Fair Market Value, should not exceed its Net Liquidation Value (Value for Other Use). We also believe that some buyer will be willing to offer the full salvage value of the line, with an eye toward developing opportunities so that the line can at least cover its own costs. Since there are numerous companies looking at shortline opportunities, we believe at least one potential buyer would be willing to pay the full amount of the Net Liquidation Value.

Therefore, we conclude that the Fair Market Value of Line 909, that value which will yield the highest return in an arms length transaction, is no more than its Value for Other Use of four hundred sixteen thousand dollars (\$416,000).

VALUATION FIRM

Main Line Management Services, Inc. (MLMS), was established in 1988 to provide operations, marketing, financial, engineering, valuation and appraisal, management and computer programming services. MLMS provides *operations planning, traffic flow analyses, and cost studies* to a variety of Class I and regional rail carriers. MLMS has been retained to assess traffic forecasts, analyze the viability, and develop business plans for a number of rail properties being bought or sold. MLMS has also appraised and valued numerous rail corridors being acquired for rail purposes, including both track materials and real estate.

In regard to railroad valuation studies, the principals of Main Line have been conducting such studies for about twenty years. Prior to founding Main Line, the principals were in charge of Day & Zimmermann's (TAD Associates) rail valuation group. Among such valuation studies completed while at Day & Zimmermann were the valuations of the Penn Central, Reading, Rock Island, and Milwaukee Road estates, as well as numerous shortline rail valuations and appraisals of publicly-owned lines.

Since its founding in 1988, MLMS has remained a leader in rail valuation studies. These studies have been used by sellers, buyers, state transportation departments, transit agencies, the Interstate Commerce Commission, and a federal bankruptcy court. The valuation studies have involved lines of under one mile to lines in excess of 500 miles. Valuation projects completed by MLMS are listed below on the following page. MLMS valuation projects have been used by the following organizations:

Public Agencies

Massachusetts EOTC
Metropolitan Transportation Authority
Philadelphia Board of Education
Northern Tier Planning Commission (PA)
Luzerne County (PA)
Pennsylvania DOT
SEDACOG (PA)
Delaware Railroad Administration
Shenandoah Rail Administration
Urban Mass Transit Administration
Franklin County (PA) Reuse Authority

Railroads

Bangor & Aroostook
Massachusetts Central
Housatonic
Shore Fast Line
Octoraro
Buffalo & Pittsburgh/Genesee & Wyoming
RailAmerica
Emons Transportation
Baltimore & Annapolis
Chicago West Pullman
Soo Line (CP Rail)
Iron Road Railways
Texas Mexican

Lenders

Multi-West Bank
Springfield Institute for Savings
First National Bank of New England
Comerica Finance
GATX Capital

Various branches in ME for Bangor & Aroostook Railroad
 Northern Vermont line in VT for Iron Road Railways
 B&M North Adams Branch in MA for Massachusetts EOTC
 B&M Hazardville Branch in MA for Massachusetts EOTC
 Massachusetts Central in MA for lender
 Conrail/B&M Canaan Branch in CT & MA for Housatonic Railroad
 Delaware & Hudson lines in NY & PA for Temple, Barker & Sloane
 Conrail branches in NY and CT for Metropolitan Transportation Authority
 Shore Fast Line in NJ for Better Materials Corp.
 Conrail's Camden Cluster in NJ for a potential buyer
 B&LE Industrial Track in PA for Erie Press
 CSXT right-of-way in PA for Philadelphia Board of Education
 Berwick rail facilities in PA for the buyer
 Ambridge rail facilities in PA for the buyer
 CSXT branch lines in western PA for buyer
 Gettysburg Railroad in PA for buyer
 Octoraro Railway in PA & DE for owner
 Conrail lines in PA & NY for Northern Tier Planning Commission
 Former Pocono Northeast lines in PA for Luzerne County
 Conrail South Pittsburgh lines in PA for a potential buyer
 Delaware Valley line in PA for PADOT
 Central Branch in PA for Emons Transportation
 Various branch line segments in PA for Emons Transportation
 Various rail lines in PA for SEDACOG
 Various CSXT and other lines in PA for Franklin County
 Various Conrail/CSXT branches in DE for Delaware Railroad Administration
 Wilmington & Northern line in DE for RailAmerica
 Canton & Loudoun right-of-way in MD for Trustee
 Baltimore & Annapolis Railroad in MD for owner
 NS Chesapeake Western Branch in VA for Shenandoah Rail Authority
 South Central Tennessee Railroad in TN for RailAmerica
 Chicago SouthShore Railroad in IN for UMTA
 Evansville Terminal line in IN for RailAmerica
 CSXT branches in MI for Huron & Eastern Railway
 Harbor Beach Branch in MI for Huron & Eastern Railway
 Saginaw Valley Railway in MI for RailAmerica
 Grand Trunk branches in MI for potential purchaser
 CSXT Brown City line in MI for Detroit Edison
 CSXT Saginaw-Brown City line in MI for RailAmerica
 Centralia shop facilities in IL for a potential buyer
 CM&W lines in IL and MO for federal bankruptcy court
 Soo Line branches in ND, MT, MN, and WI for owner
 Ladysmith line in WI for the seller
 Dakota Rail line in MN for buyer
 Otter Tail Valley line in MN for RailAmerica

BNSF Minnesota Cluster in MN for RailAmerica
 Seagraves, Whiteface & Lubbock line in TX for RailAmerica
 Texas Mexican Railway in TX for owner
 Ventura County line in CA for potential buyer
 BN Oroville line in WA for RailAmerica
 CP Rail Webbwood Subdivision in ON for a potential buyer
 CP Rail E&N Division in BC for potential buyer

Equipment Valuations

General American Transportation - Replacement values for fleets of freight cars.

GATX Capital - Condition assessment and valuation of freight cars.

Octoraro Railway - Valuation of locomotives and freight cars.

Multi-West Bank - Condition assessment and valuation of Housatonic Railroad locomotives.

RailAmerica - Condition assessment and valuation of Gettysburg Railroad locomotives and passenger equipment.

RailAmerica - Condition assessment and valuation of Dakota Rail locomotives and track equipment.

Texas Mexican Railway - Valuation of locomotives and freight car fleet.

RailAmerica - Condition assessment and valuation of West Texas and Lubbock Railroad locomotives and track equipment.

Springfield Institute for Savings - Valuation of Massachusetts Central Railroad locomotives, passenger cars, and track equipment.

RailAmerica - Condition assessment and valuation of South Central Tennessee Railroad locomotives and track equipment.

Massachusetts Central Railroad - Valuation of Massachusetts Central Railroad intermodal and reload equipment.

Emons Transportation - Valuation of locomotives being considered for purchase.

First National Bank of New England - Valuation of locomotives and freight equipment.

VALUATION CERTIFICATION

I, Douglas Golden of Main Line Management Services, Inc., do hereby certify that, to the best of my knowledge and belief:

The statement of facts contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased, professional analyses, opinions, and conclusions.

I have no specified or unspecified present or prospective interest in the properties that are the subject of this report and I have no personal interest or bias with respect to the parties involved.

My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Practice.

I have made a personal inspection of the property or reviewed the data that is the subject of this report.

John Pinto, of Rail Trac Associates, was retained to provide assistance on the real estate associated with the subject corridor. No one else provided significant professional assistance to the persons signing this report.

VALUE AS OF DECEMBER 31, 1998

FOUR HUNDRED SIXTEEN THOUSAND DOLLARS

(\$416,000)

Douglas Golden
Vice President

APPENDIX A

Across The Fence Valuation
Land Valuation Adjustments
Comparables

LINE 909 ACROSS THE FENCE VALUATION

Comp	Date	Parcel	Zoning Usage	Acres	Price	Price Per Acre	Time	Location	Physical Character	Net Adjustment	Adjusted Price	Adjusted \$ Per Acre
1	08/97	Colebrookdale, Berks	RES	1.00	\$36,500	\$36,500	2%	0%	-15%	87%	\$31,646	\$31,646
2	04/97	Colebrookdale, Berks	RES	2.09	\$39,900	\$19,091	2%	0%	0%	102%	\$40,698	\$19,473
3	09/97	Boyertown, Berks	RES	0.61	\$33,000	\$54,098	2%	0%	-15%	87%	\$28,611	\$46,903
4	07/96	Douglass, Berks	RES	2.00	\$24,000	\$12,000	4%	0%	0%	104%	\$24,960	\$12,480
5	07/96	Colebrookdale, Berks	RES	3.98	\$71,500	\$18,056	4%	0%	0%	104%	\$74,360	\$18,778
6	07/96	Colebrookdale, Berks	RES	0.79	\$40,000	\$50,633	4%	0%	-15%	88%	\$35,360	\$44,759
7	01/97	Cbkdl/Dgls, Berks	RES	60.00	\$262,500	\$4,375	2%	0%	0%	102%	\$267,750	\$4,463
8	02/98	West Pottsgrove, Mont	RES	90.96	\$187,000	\$2,056	0%	0%	0%	100%	\$187,000	\$2,056
9	05/98	West Pottsgrove, Mont	RES	1.00	\$49,000	\$49,000	0%	0%	-15%	85%	\$41,650	\$41,650
10	07/96	Washington, Berks	RES	7.00	\$15,000	\$2,143	4%	-5%	0%	99%	\$14,820	\$2,117
			TOTAL	169.41	\$758,400	\$4,477					\$746,855	\$4,409

Comp	Date	Parcel	Zoning Usage	Acres	Price	Price Per Acre	Time	Location	Physical Character	Net Adjustment	Adjusted Price	Adjusted \$ Per Acre
11	11/96	Colebrookdale, Berks	COM	3.61	\$60,000	\$16,620	4%	-15%	0%	88%	\$53,040	\$14,693
12	N/A	Pottstown, Montgomery	COM	0.83	\$214,900	\$258,916	0%	-25%	-15%	64%	\$136,999	\$165,059
			TOTAL	4.44	\$274,900	\$61,914					\$190,039	\$42,802

COMPARABLE SALE #1

TAX PARCEL #:

TOWNSHIP: Colebrookdale, Berks County

LOCATION: 2 North Funk Road

TYPE: Vacant Land

SALE DATE: August 20, 1997

SALE PRICE: \$36,500 (\$36,500/Acre)

VERIFICATION: Realtors Records

ZONING/USAGE: Residential

LOT SIZE: 1.0 Acres

DESCRIPTION: Vacant, sloping (with electric)

COMPARABLE SALE #2

TAX PARCEL #:

TOWNSHIP: Colebrookdale, Berks County

LOCATION: 1 Mountain Road

TYPE: Vacant Land

SALE DATE: April 18, 1997

SALE PRICE: \$39,900 (\$19,091/Acre)

VERIFICATION: Realtors Records

ZONING/USAGE: Residential

LOT SIZE: 2.09 Acres

DESCRIPTION: Vacant, sloping (with electric)

COMPARABLE SALE #3

TAX PARCEL #:

TOWNSHIP: Boyertown, Berks County

LOCATION: 1267 Montgomery Avenue

TYPE: Vacant Land

SALE DATE: September 8, 1997

SALE PRICE: \$33,000 (\$54,098/Acre)

VERIFICATION: Realtors Records

ZONING/USAGE: Residential

LOT SIZE: 0.61 Acres

DESCRIPTION: Vacant, sloping (with all utilities)

COMPARABLE SALE #4

TAX PARCEL #:

TOWNSHIP: Douglass, Berks County

LOCATION: Hill School Road

TYPE: Vacant Land

SALE DATE: July 11, 1996

SALE PRICE: \$24,000 (\$12,000/Acre)

VERIFICATION: Realtors Records

ZONING/USAGE: Rural/Residential

LOT SIZE: 2.0 Acres

DESCRIPTION: Vacant, sloping (with electric)

COMPARABLE SALE #5

TAX PARCEL #:

TOWNSHIP: Colebrookdale, Berks County

LOCATION: 3 Grims Mill Road

TYPE: Vacant Land

SALE DATE: July 11, 1996

SALE PRICE: \$71,500 (\$18,056/Acre)

VERIFICATION: Realtors Records

ZONING/USAGE: Rural/Residential

LOT SIZE: 3.96 Acres

DESCRIPTION: Vacant, sloping (with electric)

COMPARABLE SALE #6

TAX PARCEL #:

TOWNSHIP: Colebrookdale, Berks County

LOCATION: 850 Reading Avenue

TYPE: Vacant Land

SALE DATE: July 11, 1996

SALE PRICE: \$40,000 (\$50,633/Acre)

VERIFICATION: Realtors Records

ZONING/USAGE: Rural/Residential

LOT SIZE: 0.79 Acres

DESCRIPTION: Vacant with barn, level (with electric)

COMPARABLE SALE #7

TAX PARCEL #:

TOWNSHIP: Colebrookdale and Douglass, Berks County
LOCATION: South Reading Avenue
TYPE: Vacant Land
SALE DATE: January 3, 1997
SALE PRICE: \$262,500 (\$4,375/Acre)
VERIFICATION: Realtors Records
ZONING/USAGE: Rural/Residential
LOT SIZE: 60.0 Acres
DESCRIPTION: Vacant, hilltop, sloping, wooded (with no utilities)

COMPARABLE SALE #8

TAX PARCEL #:

TOWNSHIP: West Pottsgrove, Montgomery County
LOCATION: 174 Oberholtzer
TYPE: Vacant Land
SALE DATE: February 20, 1998
SALE PRICE: \$187,000 (\$2,063/Acre)
VERIFICATION: Realtors Records
ZONING/USAGE: Agricultural, Use restricted to agriculture
LOT SIZE: 90.65 Acres
DESCRIPTION: Vacant, rolling (with electric)

COMPARABLE SALE #9

TAX PARCEL #:
TOWNSHIP: West Pottsgrove, Montgomery County
LOCATION: 100 Fairfield Avenue
TYPE: Vacant Land
SALE DATE: May 11, 1998
SALE PRICE: \$49,000 (\$49,000/Acre)
VERIFICATION: Realtors Records
ZONING/USAGE: Residential
LOT SIZE: 1.0 Acres
DESCRIPTION: Vacant, sloping (with electric)

COMPARABLE SALE #10

TAX PARCEL #:
TOWNSHIP: Washington, Berks County
LOCATION: Kulps Road
TYPE: Vacant Land
SALE DATE: July 11, 1996
SALE PRICE: \$15,000 (\$2,143/Acre)
VERIFICATION: Realtors Records
ZONING/USAGE: Rural/Residential, Landlocked
LOT SIZE: 7.0 Acres
DESCRIPTION: Vacant, wooded (with no utilities)

COMPARABLE SALE #11

TAX PARCEL #:

TOWNSHIP: Colebrookdale, Berks County
LOCATION: 26 Fortress Estates
TYPE: Vacant Land
SALE DATE: November 1, 1996
SALE PRICE: \$60,000 (\$16,620/Acre)
VERIFICATION: Realtors Records
ZONING/USAGE: Commercial, Some deed restrictions
LOT SIZE: 3.61 Acres
DESCRIPTION: Vacant (with electric)

COMPARABLE SALE #12

TAX PARCEL #:

TOWNSHIP: Pottstown, Montgomery County
LOCATION: 2209 East High Street
TYPE: Vacant Land
SALE DATE: N/A
SALE PRICE: \$214,900 (\$258,916/Acre)
VERIFICATION: Realtors Records
ZONING/USAGE: Commercial
LOT SIZE: 0.83 Acres
DESCRIPTION: Vacant, level (with all utilities)

APPENDIX B

Gross Track Values
Net Liquidation Value-Track

Colebrookdale Branch
MP 0.00 to MP 8.55

RECLAIM MATERIAL						
Rail	Wt Type	Track NT/ Miles Mile	Net Tons Class	Unit Price	Total	
	100 RA	6.010 158.40	951.98 scrap	\$73	\$69,495	
	100 RA	3.000 167.20	501.60 Yard	\$175	\$87,780	
		9.010	1453.58 TOTAL		\$157,275	
OTM	Wt Type	NT/ Mile	Net Tons Class	Unit Price	Total	
	100 RA	33' 54.90	329.95 scrap	\$85	\$28,048	
	100 RA	33' 54.90 no anchors	164.70 Yard	\$175	\$28,823	
			494.65 TOTAL		\$56,868	
Turnouts	# Type	Wt NT/TO	Net Tons Class	Unit Price	Total	
	11 #8	100 6.53	71.83 scrap	\$73	\$5,244	
			71.83 TOTAL		\$5,244	
Flashers	# Type		Class	Unit Price	Total	
	1 Flashers		scrap	\$0	\$0	
					\$0	
Ties	22" spacing	%	# Class	Unit Price	Total	
		5.00%	1,297 grade 1	\$9.50	\$12,326	
		35.00%	9,082 grade 2	\$5.50	\$49,951	
		15.00%	3,892 landscape	\$4.00	\$15,569	
		45.00%	11,677 scrap	\$0.00	\$0	
			25,949 TOTAL		\$77,846	
GROSS LIQUIDATION VALUE					\$297,233	
REMOVE AND MARKET						
Dismantle Rail, OTM	2020.06	Tons	@	\$40.00 /NT	\$80,803	
Transport Materials	2020.06	Tons	@	\$10.00 /NT	\$20,201	
Remove Ties	25949	Ties	@	\$1.00 /tie	\$25,949	
Transport Ties	14272	Ties	@	\$2.00 /tie	\$28,544	
Remove Fit Turnouts	0	T/O	@	\$1,500 /t.o.	\$0	
Remove Flashers	0	Fishr	@	\$1,000 /fishr	\$0	
Restore Crossings	6	Xings	@	\$1,500 /xing	\$9,000	
				TOTAL to remove and market	\$164,496	
December 1, 1998 Scrap Prices				NET LIQUIDATION VALUE	\$132,737	
				\$/route mile	\$15,525	
				CALL IT	\$133,000	

12/30/98

APPENDIX C

Resumes

DOUGLAS S. GOLDEN

EDUCATION:

University of Virginia, Bachelor of Arts in Economics and History, 1972
Master of Arts in History, 1973
American University, Master of Science in Transportation, 1975

CERTIFICATES:

Southern Railway, Railroad Management, 1976
Amtrak, Advanced Railroad Management, 1978
MIT, Railroad Operations Planning and Management, 1982
University of Wisconsin, Financial Viability of Railroad Operations, 1984

PUBLICATIONS:

TOFC Terminal Simulation Model, Transportation Research Board, Intermodal Freight
Terminal Design Conference, 1983 (with C.F. Wood)
Acquiring Rail Corridors, Rails-To-Trails Conservancy, 1996 (contributing author)

WORK HISTORY:

1988-	Main Line Management Services, Inc., Vice President
1981-1988	Day & Zimmermann, Inc. (TAD), Manager, Operations Planning
1979-1981	Dynatrend, Inc., Sr. Transportation Consultant
1978-1979	Louis T. Klauder Co., Transportation Consultant
1973-1978	Amtrak, Manager, State/Local Affairs and Schedule Planning

GENERAL EXPERIENCE

Co-founder and Vice President of Main Line Management. Has 26 years of transportation industry experience. Assignments include capital planning, operations planning, engineering, facilities needs, valuation, alternatives analyses, marketing and patronage forecasting, equipment scheduling, financial analyses, merger analyses, and project management for various freight, passenger, and intermodal studies.

He has been an expert witness on proceedings before for the Interstate Commerce Commission, Canadian Transport Commission, the Federal Railroad Administration's Office of Safety, state DOTs, state public utility commissions, a Federal Bankruptcy Court, and Federal District Court. These proceedings have included railroad merger traffic studies, analyses of routings through various gateway cities, operations analysis of coal transportation alternatives, hazardous material and tank car safety, viability studies, and passenger analyses. He was retained as expert for Pennsylvania Senate analyzing the Conrail merger. Mr. Golden is a Governor's appointee to Pennsylvania Rail Freight Advisory Committee and panel moderator at Pennsylvania Rail Freight Seminars, and is a member of Delaware Valley Goods Movement Task Force and Southwest Pennsylvania Freight Task Force.

FREIGHT OPERATIONS AND MANAGEMENT

Mr. Golden currently serves as Vice President-Operations for the New York & Ogdensburg Railway. He is responsible for overseeing the day-to-day operations, as well as providing the financial and marketing functions. As a consultant, he served as Executive Vice President of the Massachusetts Central Railroad, responsible for reorganizing the operation and refocusing the marketing efforts, resulting in \$400,000 annual savings and traffic growth of about 25%. He served as Vice President of Marketing and Planning for Octoraro Railway, responsible for 60% growth in traffic. He has conducted detailed marketing and planning studies for Emons Transportation and for RailAmerica, and has completed valuation or viability assessments for shortlines throughout the United States and Canada. Developed operations cost and pricing models for Pittsburg and Shawmut and Iowa Interstate railroads that were utilized to analyze the profitability of various traffic flows.

FREIGHT AND INTERMODAL RAIL PLANNING STUDIES

Mr. Golden was the Project Manager for the Pennsylvania Comprehensive Freight Rail Study, both in 1996 and 1986. He developed inventories of rail lines and surveys of operators and shippers to analyze Waybill data, traffic flows, and maintenance needs on a 6000-mile system. Reports identify core and essential statewide rail networks, highlight clearance routes, determine financing sources, and develop strategies to preserve essential rail services, as well as improve the Commonwealth's rail freight program. He managed a study for the Schuylkill County (PA) Rail Transportation Authority to analyze the operational feasibility of a 250-mile rail network serving the anthracite coal region, including traffic analyses and surveys of regional shippers, as well as assessments of track condition, value, and rehabilitation requirements. Developed a plan to connect Schuylkill County and Hazleton area rail lines.

He managed an element of the Access Ohio study for Ohio DOT that developed a statewide inventory of intermodal operations and determined intermodal facility requirements in Ohio. The study included analyses of Waybill Sample data as well as traffic information provided by each major carrier, plus a survey of rail and facility operators, key shippers, and draymen.

Used the Waybill Sample to identify intermodal flows for several state rail plans. Also analyzed traffic and routing requirements for Florida and Georgia state rail plans and for New Jersey freight needs study, as well as to analyze St. Louis gateway traffic flows for Gateway Western Railroad. Analyzed alternatives for moving coal from specific mines to various power plants including direct truck, direct rail, rail-to-truck and rail-to-barge options.

He served as Project Manager for the operations planning and design analyses of a new intermodal and automotive terminal for Conrail in Toledo. Worked with Conrail's traffic data, as well as the operating, marketing, and engineering departments to develop a design that would reduce operating conflicts while handling a considerable growth in business. He developed a track layout, modeled traffic flows, and identified revised operating plans for a new classification yard for the Soo Line in Chicago. He also developed similar information to help plan and design a new intermodal terminal at the same location. He assisted in the design of a new classification and intermodal yard for the Estonian Railways.

Mr. Golden was Project Manager of several other studies for the Soo Line. He provided assistance developing sales packages for two shortline spin-offs and provided expert opinion on litigation regarding the asset value of a third line sale. He identified normalized maintenance of way costs for various track classifications, analyzed traffic and revenue of proposed Kansas City-Chicago line sale, assessed the Soo-Canadian Pacific traffic agreement, and reviewed systemwide operating plans. Projects have also included identification of strategic business units within the Soo Line and various marketing studies, including an assessment of intermodal profitability. He developed models of Soo Line operations, costs and traffic flows, and studied locomotive fleet requirements. He prepared testimony for CP Rail's response to the UP/CNW and UP/SP mergers and analysis on the CSXT/NS/Conrail merger.

Mr. Golden has been Project Manager of several studies for CP Rail, including CP's proposed acquisition of Canadian National, analysis of various strategic partnerships in the Northeast and Midwest, analysis of the impact of various railroad merger proposals on CP Rail, analysis of the Conrail merger, and strategic planning assignments regarding the US operations of CP Rail.

He was responsible for operations analyses in locomotive fleet studies for Union Pacific System and Illinois Central Gulf and in transportation studies for ICG, Chessie System, Seaboard System and Burlington Northern. Projects for Burlington Northern have included developing scheduling and blocking plans for carload freight and intermodal services. Projects for CSX Intermodal include network planning, terminal design, and "Iron Highway" analyses.

Traffic analyses and operations studies have been undertaken for merger and proposed merger studies, including B&M-MEC, Guilford-D&H, BN-ATSF, UP-MP-WP, UP-CNW, UP-SP, SOO-MILW, Canada Southern, SOO-ICG, CP-CN East, CSXT/NS-Conrail, and Providence and Worcester's acquisition of various Conrail lines. He assisted in developing a North American rail freight network model for use in traffic studies, market assessments, operations planning, and engineering analyses.

He conducted detailed terminal traffic studies of the Chicago switching district for both Soo Line and Burlington Northern, the Twin Cities switching district for Soo Line, the St. Louis switching district for Gateway Western, and of the Philadelphia switching district for PIDC, as well as the Shared Assets districts for the New York Port Authority and the Philadelphia Belt Line.

Mr. Golden was Project Manager for several rail line acquisition or disposition studies performed for both buyers and sellers. Studies included assessment of viability, traffic analysis, development of operating plans, and estimates of costs and revenues, as well as the identification of potential sources of financing. Among lines studied were the CSXT lines bought by Buffalo and Pittsburgh, as well as various CN line sales, including the St. Lawrence & Atlantic line and the Cape Breton line. Projects have been completed for such Class 1 railroads as Canadian National and Canadian Pacific, as well as shortlines such as Shore Fast Line, Octoraro Railway, Delaware Valley Railway, Aberdeen Carolina & Western, and Cheney Railroad. He has undertaken a variety of operations, marketing, and financial studies for Emons Transportation Group, Lukens Steel railroads, and RailAmerica, as well as for public agencies in Pennsylvania, New York, and Massachusetts. He conducted operations audits and viability assessments for the 400-mile Wisconsin and Calumet Railroad and the 600-mile Iowa Interstate Railroad and Chicago, Missouri and Western railroad systems.

He developed rail network coordination plans to improve rail service in Kalamazoo, Toledo, Chambersburg, and Johnsonburg. For the Toledo Metropolitan Area Council of Governments provided operations analyses and track condition assessments on Conrail, CSXT, and Norfolk Southern lines, as well as estimates of capital costs to develop a coordinated by-pass route. For North Central Pennsylvania Regional Planning and Development Commission developed detailed analyses of track conditions and operating requirements on lines of the Allegheny and Buffalo & Pittsburgh Railroads, as well as site requirements and operating needs of Penntech Papers. Assisted B&P in identifying maintenance needs and funding sources. Determined maintenance requirements or new track layouts for clients in Avondale, Chambersburg, Erie, Johnsonburg, Newtown, and Wilkes-Barre (PA).

He has worked with MPO's and regional planning authorities on rail planning studies, including rail line rationalization plans, traffic studies, maintenance assessments, viability studies, financial analyses, and general oversight planning, as well as developing applications for financial assistance for rail construction projects. He conducted an intermodal terminal study for Corsicana (TX) to determine the potential market and the feasibility of establishing a terminal, while for Clark County (WA), he assessed the market and future viability of a county-owned rail line and recommended actions to improve the utilization of the line. For the Franklin County (PA) Re-Use Committee, he evaluated the condition of lines being transferred from the Army, as well as the potential for establishing a shortline operation, including an assessment of the market and the costs of operation, while for Luzerne County (PA), he assessed market potential, track condition, and potential value for rail lines being acquired from a former private operator. For Vermont AOT and three regional planning agencies, Mr. Golden assessed the Green Mountain corridor to determine the market potential and industrial developments opportunities in that corridor.

He conducted a rail access study for the Philadelphia Industrial Development Corporation that identified a plan to restore an abandoned rail line, thereby improving rail access to the South Philadelphia port port and intermodal complex, as well as evaluating rail access possibilities for the Philadelphia Belt Line.

He completed a competitive rail access study for the Port Authority of New York and New Jersey. This study evaluated the possibility of the port assuming the switching operations in Port Newark/Port Elizabeth. Also for the Port Authority, he evaluated the market potential and developed an operating plan for the Staten Island and Rahway Valley rail lines. He undertook a plant site study for Jersey Central Power and Light assessing rail direct and rail to barge options and analyzed rail transportation requirements for a trans-Brooklyn (NY) freight study. Mr. Golden conducted traffic studies for Lake Michigan and New York Harbor car floats and evaluated Allegheny River barge and barge-rail traffic potential for the Allegheny River Development Corporation, identifying possible transfer sites. He developed a rail tankcar fleet profile for FRA.

He has developed track charts for more than 5,000 miles of shortline and transit properties. He has undertaken rail valuation studies for both buyers and sellers on thousands of route miles in British Columbia, California, Connecticut, Delaware, Illinois, Indiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, New Mexico, New York, North Carolina, Ohio, Ontario, Pennsylvania, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, and Wisconsin.

STRATEGIC BUSINESS PLANNING

Project Manager for the development of a Five-Year Strategic Business Plan for Canadian Pacific's Delaware & Hudson. Worked with top-level management to assess traffic flows, operating expenses, revenue potential of various markets, equipment planning, and capital requirements to develop a five-year plan that would be accepted by the CP Rail Board. Provided assistance to D&H staff in analyzing various acquisition and spin-off strategies. Implementation of various plan elements has resulted in a return to profitability for the Delaware & Hudson.

Project Manager for the development of CP Rail's Soo Line Five-Year Business Plan, examining all markets and line segments, and evaluating operating plans and labor strategies. Worked with top-level management to identify a core railroad and core market segments, as well as strategies for revenue enhancements, cost reductions, and increased asset utilization. Implementation of the plan resulted in the spin-off of numerous non-core line segments and improved operating practices.

Mr. Golden has also completed strategic business plans for several new shortlines or railroads needing to be reorganized. These plans were used to initiate or improve operations and to obtain financing. Strategic planning studies have been completed for railroads in Massachusetts, New York, Pennsylvania, and Delaware, as well as a regional railroad in the Midwest. For Enterprise Airlines, a small start-up commuter carrier, Mr. Golden was part of a team retained to develop a business plan to secure additional financing. He developed market and revenue analyses for the business plan, as well as developing a strategy for increasing the utilization of the company's planes.

PASSENGER OPERATIONS AND MANAGEMENT

Spent six years in a variety of operations and planning positions at Amtrak and has been Project Manager for several rail passenger operations studies over the last 20 years. While at Amtrak, Mr. Golden was responsible for developing fares, schedules, and equipment plans for the Northeast Corridor and implementing the start-up of 15 new routes in Pennsylvania, Michigan, Illinois, Wisconsin, Minnesota, and California. As Manager of State and Local Affairs, Mr. Golden was in charge of developing operating and marketing plans for Amtrak's Philadelphia-Harrisburg and New Haven-Springfield lines. He was also responsible for equipment and crew scheduling, and developing new services, implementing a program to revitalize service on the line, leading to a significant growth in ridership. He worked with local governments to rebuild passenger stations in such locations as Mystic (CT), Aberdeen (MD), Lancaster (PA), and Harrisburg (PA), as well as working with state DOTs in identifying joint Amtrak-state track and equipment investments, as well as developing state-supported connecting bus services.

Mr. Golden was resident Project Manager for alternatives analyses for the Miami-West Palm Beach corridor for Florida DOT. This project evaluated the potential for implementing commuter rail services along both the Florida East Coast and CSXT rail corridors in South Florida. He developed ridership estimates, operating expenses, and capital costs, identified station requirements and equipment needs, and developed operating and implementation plans for potential commuter services. He recommended funding mechanisms that were employed to begin South Florida passenger rail operations in January 1989. It was his recommendation to utilize highway funding as a maintenance of traffic measure that directly led to the initiation of new commuter rail service in that tri-county region.

For Delaware Valley Regional Planning Commission and Pennsylvania DOT, Mr. Golden was a Task Manager responsible for an in depth analysis of the infrastructure on Amtrak's Philadelphia-Harrisburg line. This study evaluated the condition of rail, ties, and roadbed, as well as stations, structures, signals, and the electrification system, assessing current condition and developing a multi-year program to upgrade the facilities of this 103-mile line to 80 mph and 90 mph operations, developing ongoing maintenance needs, assessing the condition of 14 stations along the line, and recommending potential new station locations.

For the Delaware Railroad Administration and the City of Wilmington, Mr. Golden identified rail lines corresponding to travel patterns into Wilmington, assessed station facilities and track condition of these seven lines for suitability for passenger use, evaluated park and ride and bus/rail transfer stations, and recommended corridors for possible future commuter operations. This study evaluated ridership potential, station locations, potential schedules, and track conditions, as well as rehabilitation costs to identify the most feasible route alternatives. Rail lines evaluated included Amtrak, Conrail, CSX Transportation, and two shortlines. New service was implemented on one particular corridor in 1994.

He was retained by Canadian Pacific to analyze its existing Montreal commuter service and determine the potential for upgrading service on one line, assume the operation of service on another line, and institute new commuter operations on four additional lines. This project involved assessing track conditions, determining potential station locations, developing ridership projections and operating plans, identifying capital and operating expenses, and evaluating various types of locomotives and passenger equipment. As a result of the feasibility analysis conducted by Main Line, Canadian Pacific made proposals to the Province of Quebec to institute the various new services, one of which has been implemented.

Mr. Golden was retained to evaluate the potential for reinstituting commuter rail service on the former SEPTA Newtown Branch, developing operating plans and traffic potential, as well as determining operating expenses, rehabilitation needs, and vehicle requirements. He developed schedules and operating plans for a potential private operator of the Baltimore light rail system, as well as determining operating expenses that would be incurred as a contract operator. He has evaluated potential tourist passenger operations and passenger equipment for a number of short line railroads and has provided operations, planning, marketing assistance, or ridership studies to the Chadds Ford & Brandywine and New Hope & Ivyland tourist operations. He conducted a study for the Chester County (PA) Tourist Bureau and for the Clark County (WA) Public Works Department to determine the rehabilitation expenses and operating parameters to inaugurate excursion services in those regions, developing schedules, ridership estimates, cost estimates, and coordinated connecting bus or tourist shuttle services.

Mr. Golden was responsible for station and facilities assessments as part of Long Island Rail Road and Metro North operations and budgets oversight studies for MTA in New York, as well as providing an assessment of the financial adequacy of the budget in meeting the requirements of the bondholders. In addition, he provided inputs into the equipment, market, and business plan sections of this study.

EXHIBIT "B"

Agreement No. _____

Federal I. D. No. _____

AGREEMENT OF SALE

THIS AGREEMENT, made as of the _____ day of _____, 20__, by and between the Commonwealth's Department of Transportation, ("DEPARTMENT"),

a n d

_____, with its principal office located at _____, _____, _____, ("RAILROAD");

W I T N E S S E T H:

WHEREAS, the DEPARTMENT owns a line of railroad and appurtenant property, known as USRA Line No. ____, the _____, in _____ County, between milepost ____ at _____ and milepost ____ at _____, ("Line"); and,

WHEREAS, under the provisions of Section 7(a)(3) of the Rail Freight Preservation and Improvement Act, Act No. 119, of 1984 (July 5, 1984), as amended by Act 188 of 1988, December 21, 1988 (55 P.S. Section §696.7(a)(2) ("Act 119"), the DEPARTMENT is authorized to sell

or convey any rail line or lines under a system of public competitive bidding, to any responsible party, for any worthwhile purpose; and,

WHEREAS, applicable Federal Railroad Administration ("FRA") regulations set forth at 18 C.F.R. Section 18.31 also authorize this sale provided the highest possible return is received for the property; and,

WHEREAS, the DEPARTMENT forwarded this offer to the FRA, the ultimate decision-making authority, for its approval; and,

WHEREAS, by letter dated _____, the FRA has authorized the DEPARTMENT to accept the \$_____ offer, less the \$_____ cost for the appraisal paid by the RAILROAD, and consummate the sale of the Line to the RAILROAD; and,

WHEREAS, the requisite thirty (30) day notice has been given to the chairmen of the Transportation Committees of the Senate and House of Representatives consistent with Section 7(a)(4) of Act 119; and,

WHEREAS, the final purchase price to be paid by the RAILROAD is _____ dollars (\$_____); and,

WHEREAS, the RAILROAD has agreed to pay all transfer taxes and recording fees associated with the acquisition of the Line; and,

WHEREAS, the closing date shall be set at a mutually agreed upon time following all necessary governmental approvals.

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual promises set forth in this document, the parties agree, with the intention of being legally bound, as follows:

Section 1. Description of Property.

The DEPARTMENT conveys to the RAILROAD, and the RAILROAD accepts, under the terms and conditions of this Agreement, the Line, specifically: All that certain right-of-way demised to the DEPARTMENT in Agreement No. _____, (Attachment One to this Agreement), by and between the Penn Central Corporation, Grantor; and the Commonwealth of Pennsylvania, Grantee; together with improvements, ties, rails, trestles, bridges, understructures and any other improvements erected on the property and, subject to any exclusions and provisions contained in this Agreement, whether title is held in fee, easement, or otherwise. A plan of the general location of the right-of-way is filed in the _____ County Recorder of Deeds Office in Map Book _____ Page ____.

Section 2. Warranty of Title.

Title shall be conveyed by delivery of a Quit Claim Deed at closing without any warranties of any kind whatsoever by the DEPARTMENT. Said title shall be conveyed free and clear of all liens, encumbrances, restrictions and objections by or against the DEPARTMENT, except those of record and as mentioned in this Agreement. The RAILROAD shall agree to duly record the Quit Claim Deed in the Office of the Recorder of Deeds for the County of _____ designating the book, page and plan number. The RAILROAD shall

furnish the DEPARTMENT with evidence of this recording. The provisions of this Section will survive any transfer of the Quit Claim Deed.

The Line is to be conveyed in its present physical condition, it being understood that the RAILROAD has carefully inspected the Line and in executing this Agreement, is relying solely upon such inspection and not upon any representation made by the DEPARTMENT, its officers, agents, or employees, and the DEPARTMENT makes no warranty, expressed or implied, in respect to the condition of the said premises or any part thereof, except that the Department is not aware of (a) any adverse claims to title of the premises that would prevent Railroad from conducting rail operations on the Line, or (b) any conditions on the premises that constitute violations of federal or state environmental laws or regulations and that require remediation under such laws and regulations.

Section 3. Compensation.

The DEPARTMENT agrees to accept the sum of _____ dollars (\$_____) payable by certified check at the time of closing. The closing for the Line sale shall take place on a date and at a place mutually agreed upon by the parties.

Section 4. Licenses and Occupancies.

Conveyance shall be made subject to existing tenancies. At closing, the licenses, and/or agreements as listed in Attachment Two to this Agreement, will be assigned, amended or cancelled as circumstances warrant, and the documents pertaining thereto will be

delivered to RAILROAD by the DEPARTMENT.

The RAILROAD will assume all profits from those licenses, leases and/or agreements listed in Attachment Two effective upon execution of this agreement.

Section 5. Taxes and Other Obligations.

After closing, any taxes or assessments levied by public authorities for improvements, water and sewer rents, as well as any requirement to make water and/or sewer connections and/or to construct sidewalks or curbs or repair or remove existing construction, shall be the obligation of the RAILROAD, subject to the right of RAILROAD to appeal such taxes or assessments against the imposing entity.

Section 6. Approvals.

The sale and conveyance of the Line shall be made subject to and conditioned upon approval, if necessary, of the Public Utility Commission, the FRA, the Surface Transportation Board, and/or any other governmental authority. The sale and conveyance hereunder shall also be subject to all other applicable laws and ordinances. The cost and expense of obtaining or attempting to obtain such approval will be borne solely by the RAILROAD.

Section 7. Termination.

The DEPARTMENT shall have the right, prior to closing, to terminate this Agreement for convenience if the DEPARTMENT determines such termination to be in its best interest. If the DEPARTMENT terminates this Agreement for its convenience, it will agree to return

to the RAILROAD the amount paid by the RAILROAD for the appraisal of the Line.

Section 8. Survival of Representations.

All representations, warranties and agreements made by the DEPARTMENT and RAILROAD in this Agreement or in any exhibit, certificate, document or instrument delivered pursuant to the provisions of or in connection with the transactions contemplated in this Agreement. The remedies of the DEPARTMENT and the RAILROAD shall survive the termination of this Agreement.

Section 9. Governing Law.

This Agreement is to be construed in accordance with the laws of the Commonwealth of Pennsylvania.

Section 10. Severability.

If any term, covenant, condition or provision of this Agreement or its application to any person or circumstances shall, at any time or to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances (other than those as to which it is held invalid or unenforceable) shall not be affected; and each term, covenant, condition and provision of this Agreement shall be valid and be enforced to the fullest permitted by law.

Section 11. Captions.

The paragraph headings in this Agreement are for convenience only

and are without legal effect upon the terms thereof.

Section 12. Disputes.

The RAILROAD agrees to be bound by the Act of May 20, 1937, P.L. 728, as amended (72 P.S. 4651-1 et seq.), which provides, in substance, that the Board of Claims shall have jurisdiction of claims against the DEPARTMENT arising from contracts and the power to order interpleader or impleader of other parties, when necessary for a complete determination of any claim or counterclaim in which the DEPARTMENT is a party.

Section 13. Standard Contract Provisions.

The RAILROAD shall comply with the Commonwealth's Offset Provision, Contractor Integrity Provisions, Provisions Concerning the Americans with Disabilities Act, Nondiscrimination/Sexual Harassment Clause, and Contractor Responsibility Provisions, all of which are set forth in Attachment Three and made part of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement the date first above written.

ATTEST

Title: _____ DATE _____

BY Title: _____ DATE _____

If a Corporation, the President or Vice-president must sign and the Secretary, Treasurer, Assistant Secretary or Assistant Treasurer must attest; if a sole proprietorship, only the owner must sign; if a partnership, only one partner need sign; if a limited partnership, only the general partner must sign.

DO NOT WRITE BELOW THIS LINE--FOR COMMONWEALTH USE ONLY

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF TRANSPORTATION

BY _____
Deputy Secretary for DATE
Aviation and Rail Freight

APPROVED AS TO LEGALITY
AND FORM

BY _____
Chief Counsel DATE

BY _____
Deputy Attorney General DATE

BY _____
Deputy General Counsel DATE

PRELIMINARILY APPROVED

BY _____
Assistant Counsel DATE

RECORDED NO. _____
CERTIFIED FUNDS AVAILABLE UNDER
ACTIVITY PROGRAM _____
SYMBOL _____
AMOUNT _____

BY _____
Signature DATE

Comptroller
Title

EXHIBIT C

STANDARD CONTRACT PROVISIONS

4/16/99

OFFSET PROVISION

The contractor agrees that the Commonwealth may offset the amount of any state tax or Commonwealth liability of the contractor or its affiliates and subsidiaries that is owed to the Commonwealth against any payments due the contractor under this or any other contract with the Commonwealth.

12/20/91

CONTRACTOR INTEGRITY PROVISIONS

- a. For purposes of this clause only, the words "confidential information," "consent," "contractor," "financial interest," and "gratuity" shall have the following definitions.
- 1) **Confidential information** means information that is not public knowledge, or available to the public on request, disclosure of which would give an unfair, unethical, or illegal advantage to another desiring to contract with the Commonwealth.
 - 2) **Consent** means written permission signed by a duly authorized officer or employee of the Commonwealth, provided that where the material facts have been disclosed, in writing, by prequalification, bid, proposal, or contractual terms, the Commonwealth shall be deemed to have consented by virtue of execution of this agreement.
 - 3) **Contractor** means the individual or entity that has entered into the Contract with the Commonwealth, including directors, officers, partners, managers, key employees and owners of more than a five percent interest.
 - 4) **Financial interest** means:
 - a) Ownership of more than a five percent interest in any business; or
 - b) Holding a position as an officer, director, trustee, partner, employee, or the like, or holding any position of management.
 - 5) **Gratuity** means any payment of more than nominal monetary value in the form of cash, travel, entertainment, gifts, meals, lodging, loans, subscriptions, advances, deposits of money, services, employment, or contracts of any kind.
 - b. The Contractor shall maintain the highest standards of integrity in the performance of the Contract and shall take no action in violation of state or federal laws, regulations, or other requirements that govern contracting with the Commonwealth.
 - c. The Contractor shall not disclose to others any confidential information gained by virtue of the Contract.
 - d. The Contractor shall not, in connection with this or any other agreement with the Commonwealth, directly, or indirectly, offer, confer, or agree to confer any pecuniary benefit on anyone as consideration for the decision, opinion, recommendation, vote, other exercise of discretion, or violation of a known legal duty by any officer or employee of the Commonwealth.

- e. The Contractor shall not, in connection with this or any other agreement with the Commonwealth, directly or indirectly, offer, give, or agree or promise to give to anyone any gratuity for the benefit of or at the direction or request of any officer or employee of the Commonwealth.
- f. Except with the consent of the Commonwealth, neither the Contractor nor anyone in privity with him or her shall accept or agree to accept from, or give or agree to give to, any person, any gratuity from any person in connection with the performance of work under the Contract except as provided therein.
- g. Except with the consent of the Commonwealth, the Contractor shall not have a financial interest in any other contractor, subcontractor, or supplier providing services, labor, or material on this project.
- h. The Contractor, upon being informed that any violation of these provisions has occurred or may occur, shall immediately notify the Commonwealth in writing.
- i. The Contractor, by execution of the Contract and by the submission of any bills or invoices for payment pursuant thereto, certifies, and represents that he or she has not violated any of these provisions.
- j. The Contractor, upon the inquiry or request of the Inspector General of the Commonwealth or any of that official's agents or representatives, shall provide, or if appropriate, make promptly available for inspection or copying, any information of any type or form deemed relevant by the Inspector General to the Contractor's integrity or responsibility, as those terms are defined by the Commonwealth's statutes, regulations, or management directives. Such information may include, but shall not be limited to, the Contractor's business or financial records, documents or files of any type or form which refers to or concern the Contract. Such information shall be retained by the Contractor for a period of three years beyond the termination of the Contract unless otherwise provided by law.
- k. For violation of any of the above provisions, the Commonwealth may terminate this and any other agreement with the Contractor, claim liquidated damages in an amount equal to the value of anything received in breach of these provisions, claim damages for all expenses incurred in obtaining another Contractor to complete performance hereunder, and debar and suspend the Contractor from doing business with the Commonwealth. These rights and remedies are cumulative, and the use or nonuse of any one shall not preclude the use of all or any other. These rights and remedies are in addition to those the Commonwealth may have under law, statute, regulation, or otherwise.

2/3/93

AMERICANS WITH DISABILITIES ACT

During the term of this contract, the Contractor agrees as follows:

- a. Pursuant to federal regulations promulgated under the authority of The Americans With Disabilities Act, 28 C.F.R. § 35.101 et seq., the Contractor understands and agrees that it shall not cause any individual with a disability to be excluded from participation in this Contract or from activities provided for under this Contract on the basis of the disability. As a condition of accepting this contract, the Contractor agrees to comply with the "General Prohibitions Against Discrimination," 28 C.F.R. § 35.130, and all other regulations promulgated under Title II of The Americans With Disabilities Act which are applicable to all benefits, services, programs, and activities provided by the Commonwealth of Pennsylvania through contracts with outside contractors.

- b. The Contractor shall be responsible for and agrees to indemnify and hold harmless the Commonwealth of Pennsylvania from all losses, damages, expenses, claims, demands, suits, and actions brought by any party against the Commonwealth of Pennsylvania as a result of the Contractor's failure to comply with the provisions of subparagraph a above.

6/30/99

NONDISCRIMINATION/SEXUAL HARASSMENT CLAUSE

During the term of the Contract, the Contractor agrees as follows:

- a. In the hiring of any employees for the manufacture of supplies, performance of work, or any other activity required under the Contract or any subcontract, the Contractor, subcontractor or any person acting on behalf of the Contractor or subcontractor shall not by reason of gender, race, creed, or color discriminate against any citizen of this Commonwealth who is qualified and available to perform the work to which the employment relates.
- b. Neither the Contractor nor any subcontractor nor any person on their behalf shall in any manner discriminate against or intimidate any employee involved in the manufacture of supplies, the performance of work or any other activity required under the Contract on account of gender, race, creed, or color.
- c. The Contractor and any subcontractors shall establish and maintain a written sexual harassment policy and shall inform their employees of the policy. The policy must contain a notice that sexual harassment will not be tolerated and employees who practice it will be disciplined.
- d. The Contractor shall not discriminate by reason of gender, race, creed, or color against any subcontractor or supplier who is qualified to perform the work to which the contract relates.
- e. The Contractor and each subcontractor shall furnish all necessary employment documents and records to and permit access to its books, records, and accounts by the contracting officer and the Department of General Services' Bureau of Contract Administration and Business Development for purposes of investigation to ascertain compliance with the provisions of this Nondiscrimination/Sexual Harassment Clause. If the Contractor or any subcontractor does not possess documents or records reflecting the necessary information requested, it shall furnish such information on reporting forms supplied by the contracting officer or the Bureau of Contract Administration and Business Development.
- f. The Contractor shall include the provisions of this Nondiscrimination/Sexual Harassment Clause in every subcontract so that such provisions will be binding upon each subcontractor.
- g. The Commonwealth may cancel or terminate the Contract, and all money due or to become due under the Contract may be forfeited for a violation of the terms and conditions of this Nondiscrimination/Sexual Harassment Clause. In addition, the agency may proceed with debarment or suspension and may place the Contractor in the Contractor Responsibility File.

4/16/99

CONTRACTOR RESPONSIBILITY PROVISIONS

For the purpose of these provisions, the term contractor is defined as any person, including, but not limited to, a bidder, offeror, loan recipient, grantee, or subgrantee, who has furnished or seeks to furnish goods, supplies, services, or leased space, or who has performed or seeks to perform construction activity under contract, subcontract, grant, or subgrant with the Commonwealth, or with a person under contract, subcontract, grant, or subgrant with the Commonwealth or its state-affiliated entities, and state-related institutions. The term contractor may include a permittee, licensee, or any agency, political subdivision, instrumentality, public authority, or other entity of the Commonwealth.

1. The contractor must certify, in writing, for itself and all its subcontractors, that as the date of its execution of any Commonwealth contract, that neither the contractor, nor any subcontractors, nor any suppliers are under suspension or debarment by the Commonwealth or any government entity, instrumentality, or authority and, if the contractor cannot so certify, then it agrees to submit, along with the bid/proposal, a written explanation of why such certification cannot be made.

2. The contractor must also certify, in writing, that as of the date of its execution, of any Commonwealth contract it has no tax liabilities or other Commonwealth obligations.

3. The contractor's obligations pursuant to these provisions are ongoing from and after the effective date of the contract through the termination date thereof. Accordingly, the contractor shall have an obligation to inform the contracting agency if, at any time during the term of the contract, it becomes delinquent in the payment of taxes, or other Commonwealth obligations, or if it or any of its subcontractors are suspended or debarred by the commonwealth, the federal government, or any other state or governmental entity. Such notification shall be made within 15 days of the date of suspension or debarment.

4. The failure of the contractor to notify the contracting agency of its suspension or debarment by the Commonwealth, any other state, or the federal government shall constitute an event of default of the contract with the Commonwealth.

5. The contractor agrees to reimburse the Commonwealth for the reasonable costs of investigation incurred by the Office of State Inspector General for investigations of the contractor's compliance with the terms of this or any other agreement between the contractor and the Commonwealth, which results in the suspension or debarment of the contractor. Such costs shall include, but shall not be limited to, salaries of investigators, including overtime; travel and lodging expenses; and expert witness and documentary fees. The contractor shall not be responsible for investigative costs for investigations that do not result in the contractor's suspension or debarment.

6. The contractor may obtain a current list of suspended and debarred Commonwealth contractors by either searching the Internet at <http://www.dgs.state.pa.us/debarment.htm> or contacting the:

Department of General Services
Office of Chief Counsel
603 North Office Building
Harrisburg, PA 17125
Telephone No: (717) 783-6472

EXHIBIT D

License/Easements & Other Occupancy Agreements for USRA Line 909

<u>Agreement No.</u>	<u>Licensee</u>	<u>Annual Amount</u>
822304A	MCI	\$ 14,512.00
822308	Met. Ed. Co.	\$ 100.00
L-22606	Met. Ed. Co.	\$ 100.00
L-22628	Met. Ed. Co.	\$ 25.00
L-22670	Met. Ed. Co.	\$ 137.00
L-22681	Met. Ed. Co.	\$ 33.00
L-22683	Met. Ed. Co.	\$ 33.00
L-22750	Met. Ed. Co.	\$ 26.00
L-22752	Met. Ed. Co.	\$ 382.00
L-22768	Met. Ed. Co.	\$ 52.00
L-22770	Met. Ed. Co.	\$ 45.00
L-24041	Met. Ed. Co.	\$ 20.00
L-24065	Met. Ed. Co.	\$ 51.00
81692	Rollins Outdoor Ad.	\$ 450.00
81404A	Pottstown Borough	\$ 784.00
81653	Penn Advertising	\$ 600.00
80753	R.W.B. Advertising	\$ 500.00
L-21804	Boyertown Auto Body	\$ 686.00
L-20147	Boyertown Auto Body	\$ 133.00
L-20148	Boyertown Auto Body	\$ 20.00
822022	UGI Corp.	\$ 75.00
80315	Consetoga Telephone	\$ 75.00
62008A	Robt. A & Kelly Miller	\$ 500.00
822507A	TORO Energy, Inc.	\$ 1,756.80
L-21900	Boyertown Packaging	\$ 1,104.00
L-20561	Quality Carpet Cleaners	\$ 27.00
L-20123	Berks Mont. Sewer Auth.	\$ 53.00
822505	Vitelli represented by Nyce	\$ 1.00
TOTAL :		\$ 22,280.80

EXHIBIT SCOTT-5



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF REVENUE
BUREAU OF INDIVIDUAL TAXES
DEPT. 280603
HARRISBURG, PA 17128-0603

REALTY TRANSFER TAX STATEMENT OF VALUE

See Reverse for Instructions

RECORDER'S USE ONLY

State Tax Paid

Book Number

Page Number

Date Recorded

Complete each section and file in duplicate with Recorder of Deeds when (1) the full value/consideration is not set forth in the deed, (2) when the deed is without consideration, or by gift, or (3) a tax exemption is claimed. A Statement of Value is not required if the transfer is wholly exempt from tax based on: (1) family relationship or (2) public utility easement. If more space is needed, attach additional sheet(s).

A CORRESPONDENT - All inquiries may be directed to the following person:

Name: Thomas McKeon, Director, Community & Economic Develop. Telephone Number: Area Code (610) 478-6341
Street Address: Berks County Services Center City: Reading State: PA Zip Code: 19601
633 Court Street, 14th Floor

B TRANSFER DATA

Date of Acceptance of Document

Grantor(s)/Lessor(s): Commonwealth of Pennsylvania, Transportation Grantee(s)/Lessee(s): County of Berks
Street Address: Harrisburg City: Reading State: PA Zip Code: 17105-2777
PA 17105-2777 Street Address: Berks County Services Center City: Reading State: PA Zip Code: 19601
633 Court Street

C PROPERTY LOCATION

Street Address: USRA Line Number 909 City, Township, Borough: (4) West Pottsgrove (5) Pottstown
Colebrookdale Industrial Park
County: Montgomery School District: Boyertown Tax Parcel Number (5) 16-00-11407-99-7
(4) 64-00-01777-99-4

D VALUATION DATA

1. Actual Cash Consideration \$148,000. \$	2. Other Consideration +	3. Total Consideration = \$148,000
4. County Assessed Value (4) 117,860 (5) 216,460	5. Common Level Ratio Factor x (4) 1.11 (5) 1.11 1.12	6. Fair Market Value = \$371,095

E EXEMPTION DATA

1a. Amount of Exemption Claimed 100%	1b. Percentage of Interest Conveyed 100%	374,438.40
---	---	------------

2. Check Appropriate Box Below for Exemption Claimed

- ☐ Will or intestate succession (Name of Decedent) (Estate File Number)
- ☐ Transfer to Industrial Development Agency.
- ☐ Transfer to a trust. (Attach complete copy of trust agreement identifying all beneficiaries.)
- ☐ Transfer between principal and agent. (Attach complete copy of agency/straw party agreement.)
- ☐ Transfers to the Commonwealth, the United States and Instrumentalities by gift, dedication, condemnation or in lieu of condemnation. (If condemnation or in lieu of condemnation, attach copy of resolution.)
- ☐ Transfer from mortgagor to a holder of a mortgage in default. Mortgage Book Number , Page Number
- ☐ Corrective or confirmatory deed. (Attach complete copy of the prior deed being corrected or confirmed.)
- ☐ Statutory corporate consolidation, merger or division. (Attach copy of articles.)
- ☒ Other (Please explain exemption claimed, if other than listed above.) Section 1102-C.2

Under penalties of law, I declare that I have examined this Statement, including accompanying information, and to the best of my knowledge and belief, it is true, correct and complete.

Signature of Correspondent or Responsible Party Alan S. Miller, Esq.	Date 07-20-01
---	------------------

FAILURE TO COMPLETE THIS FORM PROPERLY OR ATTACH APPLICABLE DOCUMENTATION MAY RESULT IN THE RECORDER'S REFUSAL TO RECORD THE DEED.

EXHIBIT SCOTT-6

EXHIBIT ONE

Federal I. D. No. 23-6003049

Agreement No. 820001

COPY

AGREEMENT OF SALE

THIS AGREEMENT, made as of the 8th day of
June, 2001, by and between the Commonwealth's Department
of Transportation, ("DEPARTMENT"),

a n d

County of Berks, Commonwealth of Pennsylvania, with its principal
office located at Commissioners' Office, 633 Court Street, 13th Floor,
Reading, Pennsylvania 19601-3584 ("COUNTY");

W I T N E S S E T H:

WHEREAS, the DEPARTMENT owns a line of railroad and appurtenant
property, known as USRA Line No. 909, the Colebrookdale Branch, in
Berks County, between milepost 0.00 at Colebrookdale Junction and
milepost 8.60 at Boyertown, ("Line"); and,

WHEREAS, under the provisions of Section 7(a)(3) of the Rail
Freight Preservation and Improvement Act, Act No. 119, of 1984 (July
5, 1984), as amended by Act 188 of 1988, December 21, 1988 (55 P.S.
Section §696.7(a)(2) ("Act 119"), the DEPARTMENT is authorized to sell
or convey any rail line or lines under a system of public competitive
bidding, to any responsible party, for any worthwhile purpose; and,

WHEREAS, applicable Federal Railroad Administration ("FRA") regulations set forth at 18 C.F.R. Section 18.31 also authorize this sale provided the highest possible return is received for the property; and,

WHEREAS, the Department offered the Line for sale through a competitive bid process; and,

WHEREAS, the COUNTY, was the successful bidder with a total bid offering of \$150,500; and,

WHEREAS, the DEPARTMENT forwarded this offer to the FRA, the ultimate decision-making authority, for its approval; and,

WHEREAS, by letter dated April 13, 2001, the FRA has authorized the DEPARTMENT to accept the \$150,500 offer, less the \$2,500 cost for the appraisal paid for by the current operator of the Line, Penn Eastern Rail Lines, Inc., and consummate the sale of the Line to the COUNTY; and,

WHEREAS, the requisite thirty (30) day notice has been given to the chairmen of the Transportation Committees of the Senate and House of Representatives consistent with Section 7(a)(4) of Act 119; and,

WHEREAS, the final purchase price to be paid by the COUNTY is One Hundred Forty Eight Thousand dollars (\$148,000); and,

WHEREAS, the COUNTY, has agreed to reimburse Penn Eastern Rail Lines, Inc. \$2,500 for the cost of the appraisal of the Line; and,

WHEREAS, the \$2,500 reimbursement will be forwarded through the Department to Penn Eastern Rail Lines, Inc; and,

WHEREAS, the COUNTY has agreed to pay all transfer taxes and recording fees associated with the acquisition of the Line; and,

WHEREAS, the closing date shall be set at a mutually agreed upon time following all necessary governmental approvals.

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual promises set forth in this document, the parties agree, with the intention of being legally bound, as follows:

Section 1. Description of Property.

The DEPARTMENT conveys to the COUNTY, and the COUNTY accepts, under the terms and conditions of this Agreement, the Line, specifically: All that certain right-of-way demised to the DEPARTMENT in Agreement No. 72313, as made part of this agreement as Attachment One, by and between Reading Company, Grantor; and the Commonwealth of Pennsylvania, Grantee; together with improvements, ties, rails, trestles, bridges, understructures and any other improvements erected on the property and, subject to any exclusions and provisions contained in this Agreement, whether title is held in fee, easement, or otherwise. A plan of the general location of the right-of-way is filed in the Berks County Recorder of Deeds Office in Deed Book 1813

Page 855 and Montgomery County Recorder of Deeds Office in Highway
Book 46 Page 58 through 70.

Section 2. Warranty of Title.

Title shall be conveyed by delivery of a Quit Claim Deed at closing without any warranties of any kind whatsoever by the DEPARTMENT. Said title shall be conveyed free and clear of all liens, encumbrances, restrictions and objections by or against the DEPARTMENT, except those of record and as mentioned in this Agreement. The COUNTY shall agree to duly record the Quit Claim Deed in the Office of the Recorder of Deeds for the Counties of Berks and Montgomery designating the book, page and plan number. The COUNTY shall furnish the DEPARTMENT with evidence of this recording. The provisions of this Section will survive any transfer of the Quit Claim Deed.

The Line is to be conveyed in its present physical condition, it being understood that the COUNTY has carefully inspected the Line and in executing this Agreement, is relying solely upon such inspection and not upon any representation made by the DEPARTMENT, its officers, agents, or employees, and the DEPARTMENT makes no warranty, expressed or implied, in respect to the condition of the said premises or any part thereof, except that the Department is not aware of (a) any adverse claims to title of the premises that would prevent COUNTY from conducting rail operations on the Line, or (b) any conditions on the premises that constitute violations of federal or state environmental laws or regulations and that require remediation under such laws and regulations.

Section 3. Compensation.

The DEPARTMENT agrees to accept the sum of One Hundred Forty Eight Thousand dollars (\$148,000) payable by certified check at the time of closing. The closing for the Line sale shall take place on a date and at a place mutually agreed upon by the parties.

Section 4. Licenses and Occupancies.

Conveyance shall be made subject to existing tenancies. At closing, the licenses, and/or agreements as listed in Attachment Two to this Agreement, will be assigned, amended or cancelled as circumstances warrant, and the documents pertaining thereto will be delivered to COUNTY by the DEPARTMENT.

The COUNTY will assume all profits from those licenses, leases and/or agreements listed in Attachment Two effective upon execution of this agreement.

Section 5. Taxes and Other Obligations.

After closing, any taxes or assessments levied by public authorities for improvements, water and sewer rents, as well as any requirement to make water and/or sewer connections and/or to construct sidewalks or curbs or repair or remove existing construction, shall be the obligation of the COUNTY, subject to the right of COUNTY to appeal such taxes or assessments against the imposing entity.

Section 6. Approvals.

The sale and conveyance of the Line shall be made subject to and conditioned upon approval, if necessary, of the Public Utility Commission, the FRA, the Surface Transportation Board, and/or any

other governmental authority. The sale and conveyance hereunder shall also be subject to all other applicable laws and ordinances. The cost and expense of obtaining or attempting to obtain such approval will be borne solely by the COUNTY.

Section 7. Termination.

The DEPARTMENT shall have the right, prior to closing, to terminate this Agreement for convenience if the DEPARTMENT determines such termination to be in its best interest. If the DEPARTMENT terminates this Agreement for its convenience, it will agree to return to the COUNTY the amount paid by the COUNTY for the appraisal of the Line.

Section 8. Survival of Representations.

All representations, warranties and agreements made by the DEPARTMENT and COUNTY in this Agreement or in any exhibit, certificate, document or instrument delivered pursuant to the provisions of or in connection with the transactions contemplated in this Agreement. The remedies of the DEPARTMENT and the COUNTY shall survive the termination of this Agreement.

Section 9. Governing Law.

This Agreement is to be construed in accordance with the laws of the Commonwealth of Pennsylvania.

Section 10. Severability.

If any term, covenant, condition or provision of this Agreement or its application to any person or circumstances shall, at any time or

to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances (other than those as to which it is held invalid or unenforceable) shall not be affected; and each term, covenant, condition and provision of this Agreement shall be valid and be enforced to the fullest permitted by law.

Section 11. Captions.

The paragraph headings in this Agreement are for convenience only and are without legal effect upon the terms thereof.

Section 12. Disputes.

The COUNTY agrees to be bound by the Act of May 20, 1937, P.L. 728, as amended (72 P.S. 4651-1 et seq.), which provides, in substance, that the Board of Claims shall have jurisdiction of claims against the DEPARTMENT arising from contracts and the power to order interpleader or impleader of other parties, when necessary for a complete determination of any claim or counterclaim in which the DEPARTMENT is a party.

Section 13. Standard Contract Provisions.

The COUNTY shall comply with the Commonwealth's Offset Provision, Contractor Integrity Provisions, Provisions Concerning the Americans with Disabilities Act, Nondiscrimination/Sexual Harassment Clause, and Contractor Responsibility Provisions, all of which are set forth in Attachment Three and made part of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement the date first above written.

ATTEST

COUNTY OF BERKS

Joan D. Adams 5-25-01
Title: Acting Chief Clerk DATE

BY [Signature] 5/25/01
Title: Chairman DATE
Timothy A. Reiver

BY [Signature] 5-25-01
Title: Commissioner DATE
Mark C. Scott

BY [Signature] 5/25/01
Title: Commissioner DATE
Judith L. Schwank

If a Corporation, the President or Vice-president must sign and the Secretary, Treasurer, Assistant Secretary or Assistant Treasurer must attest; if a sole proprietorship, only the owner must sign; if a partnership, only one partner need sign; if a limited partnership, only the general partner must sign.

DO NOT WRITE BELOW THIS LINE--FOR COMMONWEALTH USE ONLY

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF TRANSPORTATION

BY [Signature] 6/4/01
Deputy Secretary for DATE
Aviation and Rail Freight

APPROVED AS TO LEGALITY
AND FORM

PRELIMINARILY APPROVED [Signature]

BY [Signature]
Chief Counsel DATE
6-5-01

BY [Signature] 6/18/01
Deputy Attorney General DATE

BY [Signature] 06/06/01
Deputy General Counsel DATE

BY [Signature] 5/20/01
Assistant Counsel DATE

RECORDED NO. 820001
CERTIFIED FUNDS AVAILABLE UNDER ED 5/29/01
ACTIVITY PROGRAM
SYMBOL NONENCUMBERED
AMOUNT
BY [Signature] 6/5/01
Signature DATE

[Signature]
Comptroller
Title

Attachment Two

License/Easements & Other Occupancy Agreements for USRA Line 909

<u>Agreement No.</u>	<u>Licensee</u>		<u>Annual Amount</u>
L-20123	Berks Mont. Sewer Auth.	\$	53.00
L-21804	Boyertown Auto Body	\$	686.00
L-20147	Boyertown Auto Body	\$	133.00
L-20148	Boyertown Auto Body	\$	20.00
L-21900	Boyertown Packaging	\$	1,104.00
80315	Consetoga Telephone	\$	75.00
822304A	MCI	\$	14,512.00
822308	Met. Ed. Co.	\$	100.00
L-22606	Met. Ed. Co.	\$	100.00
L-22628	Met. Ed. Co.	\$	25.00
L-22670	Met. Ed. Co.	\$	137.00
L-22681	Met. Ed. Co.	\$	33.00
L-22683	Met. Ed. Co.	\$	33.00
L-22750	Met. Ed. Co.	\$	26.00
L-22752	Met. Ed. Co.	\$	382.00
L-22768	Met. Ed. Co.	\$	52.00
L-22770	Met. Ed. Co.	\$	45.00
L-24041	Met. Ed. Co.	\$	20.00
L-24065	Met. Ed. Co.	\$	51.00
62008A	Robt. A & Kelly Miller	\$	500.00
81653	Penn Advertising	\$	600.00
81404A	Pottstown Borough	\$	784.00
L-20561	Quality Carpet Cleaners	\$	27.00
81692	Rollins Outdoor Ad.	\$	450.00
80753	R.W.B. Advertising	\$	500.00
822507A	TORO Energy, Inc.	\$	1,756.80
622022	UGI Corp.	\$	75.00
822505	Vitelli represented by Nyce	\$	1.00
	TOTAL :	\$	22,280.80

STANDARD CONTRACT PROVISIONS

4/16/99

OFFSET PROVISION

The contractor agrees that the Commonwealth may offset the amount of any state tax or Commonwealth liability of the contractor or its affiliates and subsidiaries that is owed to the Commonwealth against any payments due the contractor under this or any other contract with the Commonwealth.

12/20/91

CONTRACTOR INTEGRITY PROVISIONS

- a. For purposes of this clause only, the words "confidential information," "consent," "contractor," "financial interest," and "gratuity" shall have the following definitions.
- 1) Confidential information means information that is not public knowledge, or available to the public on request, disclosure of which would give an unfair, unethical, or illegal advantage to another desiring to contract with the Commonwealth.
 - 2) Consent means written permission signed by a duly authorized officer or employee of the Commonwealth, provided that where the material facts have been disclosed, in writing, by prequalification, bid, proposal, or contractual terms, the Commonwealth shall be deemed to have consented by virtue of execution of this agreement.
 - 3) Contractor means the individual or entity that has entered into the Contract with the Commonwealth, including directors, officers, partners, managers, key employees and owners of more than a five percent interest.
 - 4) Financial interest means:
 - a) Ownership of more than a five percent interest in any business; or
 - b) Holding a position as an officer, director, trustee, partner, employee, or the like, or holding any position of management.
 - 5) Gratuity means any payment of more than nominal monetary value in the form of cash, travel, entertainment, gifts, meals, lodging, loans, subscriptions, advances, deposits of money, services, employment, or contracts of any kind.
 - b. The Contractor shall maintain the highest standards of integrity in the performance of the Contract and shall take no action in violation of state or federal laws, regulations, or other requirements that govern contracting with the Commonwealth.
 - c. The Contractor shall not disclose to others any confidential information gained by virtue of the Contract.
 - d. The Contractor shall not, in connection with this or any other agreement with the Commonwealth, directly, or indirectly, offer, confer, or agree to confer any pecuniary benefit on anyone as consideration for the decision, opinion, recommendation, vote, other exercise of discretion, or violation of a known legal duty by any officer or employee of the Commonwealth.

- e. The Contractor shall not, in connection with this or any other agreement with the Commonwealth, directly or indirectly, offer, give, or agree or promise to give to anyone any gratuity for the benefit of or at the direction or request of any officer or employee of the Commonwealth.
- f. Except with the consent of the Commonwealth, neither the Contractor nor anyone in privity with him or her shall accept or agree to accept from, or give or agree to give to, any person, any gratuity from any person in connection with the performance of work under the Contract except as provided therein.
- g. Except with the consent of the Commonwealth, the Contractor shall not have a financial interest in any other contractor, subcontractor, or supplier providing services, labor, or material on this project.
- h. The Contractor, upon being informed that any violation of these provisions has occurred or may occur, shall immediately notify the Commonwealth in writing.
- i. The Contractor, by execution of the Contract and by the submission of any bills or invoices for payment pursuant thereto, certifies, and represents that he or she has not violated any of these provisions.
- j. The Contractor, upon the inquiry or request of the Inspector General of the Commonwealth or any of that official's agents or representatives, shall provide, or if appropriate, make promptly available for inspection or copying, any information of any type or form deemed relevant by the Inspector General to the Contractor's integrity or responsibility, as those terms are defined by the Commonwealth's statutes, regulations, or management directives. Such information may include, but shall not be limited to, the Contractor's business or financial records, documents or files of any type or form which refers to or concern the Contract. Such information shall be retained by the Contractor for a period of three years beyond the termination of the Contract unless otherwise provided by law.
- k. For violation of any of the above provisions, the Commonwealth may terminate this and any other agreement with the Contractor, claim liquidated damages in an amount equal to the value of anything received in breach of these provisions, claim damages for all expenses incurred in obtaining another Contractor to complete performance hereunder, and debar and suspend the Contractor from doing business with the Commonwealth. These rights and remedies are cumulative, and the use or nonuse of any one shall not preclude the use of all or any other. These rights and remedies are in addition to those the Commonwealth may have under law, statute, regulation, or otherwise.

1/16/01

AMERICANS WITH DISABILITIES ACT

During the term of this contract, the Contractor agrees as follows:

1. Pursuant to federal regulations promulgated under the authority of *The Americans With Disabilities Act*, 28 C.F.R. § 35.101 et seq., the Contractor understands and agrees that no individual with a disability shall, on the basis of the disability, be excluded from participation in this contract or from activities provided for under this contract. As a condition of accepting and executing this contract, the Contractor agrees to comply with the "General Prohibitions Against Discrimination," 28 C.F.R. § 35.130, and all other regulations promulgated under Title II of *The Americans With Disabilities Act* which are applicable to the benefits, services, programs, and activities provided by the Commonwealth of Pennsylvania through contracts with outside contractors.

2. The Contractor shall be responsible for and agrees to indemnify and hold harmless the Commonwealth of Pennsylvania from all losses, damages, expenses, claims, demands, suits, and actions brought by any party against the Commonwealth of Pennsylvania as a result of the Contractor's failure to comply with the provisions of paragraph 1.

6/30/99

NONDISCRIMINATION/SEXUAL HARASSMENT CLAUSE

During the term of the Contract, the Contractor agrees as follows:

- a. In the hiring of any employees for the manufacture of supplies, performance of work, or any other activity required under the Contract or any subcontract, the Contractor, subcontractor or any person acting on behalf of the Contractor or subcontractor shall not by reason of gender, race, creed, or color discriminate against any citizen of this Commonwealth who is qualified and available to perform the work to which the employment relates.
- b. Neither the Contractor nor any subcontractor nor any person on their behalf shall in any manner discriminate against or intimidate any employee involved in the manufacture of supplies, the performance of work or any other activity required under the Contract on account of gender, race, creed, or color.
- c. The Contractor and any subcontractors shall establish and maintain a written sexual harassment policy and shall inform their employees of the policy. The policy must contain a notice that sexual harassment will not be tolerated and employees who practice it will be disciplined.
- d. The Contractor shall not discriminate by reason of gender, race, creed, or color against any subcontractor or supplier who is qualified to perform the work to which the contract relates.
- e. The Contractor and each subcontractor shall furnish all necessary employment documents and records to and permit access to its books, records, and accounts by the contracting officer and the Department of General Services' Bureau of Contract Administration and Business Development for purposes of investigation to ascertain compliance with the provisions of this Nondiscrimination/Sexual Harassment Clause. If the Contractor or any subcontractor does not possess documents or records reflecting the necessary information requested, it shall furnish such information on reporting forms supplied by the contracting officer or the Bureau of Contract Administration and Business Development.
- f. The Contractor shall include the provisions of this Nondiscrimination/Sexual Harassment Clause in every subcontract so that such provisions will be binding upon each subcontractor.
- g. The Commonwealth may cancel or terminate the Contract, and all money due or to become due under the Contract may be forfeited for a violation of the terms and conditions of this Nondiscrimination/Sexual Harassment Clause. In addition, the agency may proceed with debarment or suspension and may place the Contractor in the Contractor Responsibility File.

4/16/99

CONTRACTOR RESPONSIBILITY PROVISIONS

For the purpose of these provisions, the term contractor is defined as any person, including, but not limited to, a bidder, offeror, loan recipient, grantee, or subgrantee, who has furnished or seeks to furnish goods, supplies, services, or leased space, or who has performed or seeks to perform construction activity under contract, subcontract, grant, or subgrant with the Commonwealth, or with a person under contract, subcontract, grant, or subgrant with the Commonwealth or its state-affiliated entities, and state-related institutions. The term contractor may include a permittee, licensee, or any agency, political subdivision, instrumentality, public authority, or other entity of the Commonwealth.

1. The contractor must certify, in writing, for itself and all its subcontractors, that as the date of its execution of any Commonwealth contract, that neither the contractor, nor any subcontractors, nor any suppliers are under suspension or debarment by the Commonwealth or any government entity, instrumentality, or authority and, if the contractor cannot so certify, then it agrees to submit, along with the bid/proposal, a written explanation of why such certification cannot be made.

2. The contractor must also certify, in writing, that as of the date of its execution, of any Commonwealth contract it has no tax liabilities or other Commonwealth obligations.

3. The contractor's obligations pursuant to these provisions are ongoing from and after the effective date of the contract through the termination date thereof. Accordingly, the contractor shall have an obligation to inform the contracting agency if, at any time during the term of the contract, it becomes delinquent in the payment of taxes, or other Commonwealth obligations, or if it or any of its subcontractors are suspended or debarred by the commonwealth, the federal government, or any other state or governmental entity. Such notification shall be made within 15 days of the date of suspension or debarment.

4. The failure of the contractor to notify the contracting agency of its suspension or debarment by the Commonwealth, any other state, or the federal government shall constitute an event of default of the contract with the Commonwealth.

5. The contractor agrees to reimburse the Commonwealth for the reasonable costs of investigation incurred by the Office of State Inspector General for investigations of the contractor's compliance with the terms of this or any other agreement between the contractor and the Commonwealth, which results in the suspension or debarment of the contractor. Such costs shall include, but shall not be limited to, salaries of investigators, including overtime; travel and lodging expenses; and expert witness and documentary fees. The contractor shall not be responsible for investigative costs for investigations that do not result in the contractor's suspension or debarment.

6. The contractor may obtain a current list of suspended and debarred Commonwealth contractors by either searching the Internet at <http://www.dgs.state.pa.us/debarment.htm> or contacting the:

Department of General Services
Office of Chief Counsel
603 North Office Building
Harrisburg, PA 17125
Telephone No: (717) 783-6472

EXHIBIT SCOTT-7

**EAST PENN RAILWAY
2002 BRIDGE INSPECTION
BRIDGE REPAIR SUMMARY**

GENERAL NOTES

1. All bridges were inspected in 2002 by Leon G. Perkins Jr., PE. Inspections were completed in October.
2. Bridges are numbered with the original numbers as follows:

Quakertown: Numbered from south to north with the numbers corresponding to track mileage from Philadelphia.

Perkiomen: Numbered from south to north with the numbers corresponding to track mileage from Perkiomen Jct.

Colbrookdale: Numbered from south to north with the numbers corresponding to track mileage from Pottstown.

Denver: Numbered from north to south with the numbers corresponding to track mileage from Sinking Spring.

King of Prussia: Numbered from east to west with the numbers corresponding to track mileage.
3. All spans, bents, piers, panels, and floorbeams are numbered from the end of the bridge closest to mileage "0". Span 1 notes include pier 1 notes and bent 1 notes. If there is a bent or an end floorbeam at the "0" mileage end of the bridge, it is numbered "0" and the notes for it are included with the span 1 notes.
4. All girders, stringers, posts, or piles are numbered from left to right when facing away from mile "0".
5. All conditions found in the field are given a classification which is recorded on the inspection form in the column labeled "class." The classification codes are as follows:

A = Good condition.

B = Preventative maintenance or low priority repairs.

C1, = Repairs are recommended. C1 generally indicates a condition which should be repaired within one year. This may be followed by a description which may indicate more urgent conditions requiring attention sooner than one year.

C2, C3, C4, C5 = Repairs are recommended but are of increasingly less priority. The numeral indicates roughly the number of years until the repair will become a necessity.

D = A condition which is severe enough to warrant a slow order. Anything of this nature found during a bridge inspection would have been reported immediately by the fastest means available.

COLEBROOKDALE BRANCH

3.48 Manatawny Creek

- C1 -Replace backwall and SW ballast wall with new timber cribwall.
- Install shoulder and crib ballast and tamp south approach.
- C4 -Build timber ballast wall NE.
- Install shoulder ballast and tamp north approach.
- B -Install "No Trespassing" signs.

3.74 Brook, Timber Trestle

- C2 -Replace post 3 and the cap on bent 8A.
- C3 -Replace stringer 2 on spans 6 and 7.
- Replace the sill on bent 7A.
- Replace stringer #3 on spans 14, 15, and 16.
- Replace the sill on bent 14.
- C4 -Replace the cap on bent 8B.
- Replace stringer #4 on spans 6 and 7.
- Replace stringer #3 on spans 6 and 7.
- C5 -Replace the sill on bent 5.
- Replace stringer 1 on spans 10 and 11.
- Replace stringer 4 on spans 10 and 11.

4.21 Grist Mill Road

- C2 -Replace post 1 on bent 3.
- Replace post 3 on bent 4A.
- Replace the cap on bent 3.
- Install two anchor bolts on steel span (north end of span 5).
- Replace the cap on bent 7A.
- C3 -Replace stringer 3 on spans 10, 11, and 12.
- Replace stringer 4 on spans 8 and 9.
- Replace the cap on bent 7B.
- C4 -Replace corbel #1 on bent 3.
- Replace post #2 on bent 10.
- Replace the sill on bent 8.
- Replace bearing blocks 3, 4, and 5 on bent 8.
- C5 -Replace post 2 on bent 9.
- Replace stringer #1 on spans 8, 9, and 10.

6.98 Farmington Avenue

- C5 -Repair masonry on SE wingwall.

COLEBROOKDALE BRANCH (continued)

7.30 Ironstone Creek

- C3 -Replace the south parapet tie.
- Replace missing tie spacer strap.
- B -Clean bearings, paint.

7.37 Mill Road

- C2 -Replace the sill on bent B on the north side of the road.
- C3 -Replace stringer 2 on spans 4 and 5.
- C4 -Repair walkway.
- C5 -Replace post 2 on bent 1.
- B -Clean bridge seats.
- Clean and paint steel to stop corrosion.

8.31 Fourth Street

- B -Install shoulder ballast NE and NW.
- Clean/ paint bearings.
- Masonry repairs to abutments and wingwalls.



TEC ASSOCIATES CONSULTING ENGINEERS

46 Sawyer Street

South Portland, Maine 04106

STEEL BRIDGE INSPECTION REPORT

IDENTIFICATION			CLASSIFICATION			
RAILROAD	East Penn Railway	BRIDGE NO.	0.08	SPAN	1	A - GOOD
DIVISION	Colebrookdale Branch	CROSSING	High Street			B - PREVENTATIVE MTC.
TOWN	Pottstown	TYPE	Thru Plate Girder, Open Deck			C - 1-2-3-4-5 PRIORITY
COUNTY	Montgomery	LENGTH	117'-0" total 3 spans		NO. TRKS.	1
STATE	Pennsylvania	ALIGNMENT - TANGENT	(x)		CURVE DEG	
MILEPOST	0.08	ENDS	(Skewed)		YR BLT.	SPEED
OWNER						INSPECT. TRUCK
						DIVING

ITEMS INSPECTED		LN	CLASS	REMARKS
GENERAL	Drainage	1	A	This span over sidewalk
	Slopes, Rip Rap	3	A	
	General Cleanliness	4	A	
	Utilities Type	5	A	Fiber Optics on the east side.
	Paint, Type Date	6	B	Poor.
	Walkways, LS RS Railing	27		None.
TRACK	Approach, Surface, Alignment	7	A	56 5/8" gauge. Ties OK.
	Rail Anchors Br. Appr.	8		None.
	Bridge, Surface, Alignment	9	A	56 5/8" Gauge.
	Ballast	10	A	
	Ties Date Installed	11	A	
	Tie Spacer Timber Strap	12	A	
	Guard Rail Wt	13		None.
FOUNDATION	Deck Anchors Hooks Clips	14		None.
	Rail, CWR JT (x) WT (100#)	15	A	
	Foundation, Piers Stone Conc (x)	16	A	
	Abutments, Bridge Seats Stone Conc (x)	17	A	
	Backwall Stone Conc (x)	18	A	
	Wingwall Stone Conc (x)	19	A	
FLOOR SYSTEM	Floor Beam Connections	20	A	
	Floor Beam Flange Angles Webs	21	A	
	Stringer Connections	22	A	
	Stringer Flanges, Webs	23	A	
	Stringer Lateral System	24		None.
GIRDERS, TRUSSES				
	Sole Plates, Anchor Bolts	28	A	
	Upper Flanges	29	A	
	Lower Flanges	30	A	Minor corrosion few places and at bearings.
	Cover Plates, Top Bot	31		None.
	Webs, Splices	34	A	
	End, Intermediate Stiffs	35	A	
TRESTLES	Knee Braces	36	A	
	Bottom Lateral System	37	A	
	Towers, Bents, Columns	41	A	
	Transverse Bracing	42	A	Minor corrosion on a few lattice bars and gussets.
	Longitudinal Bracing	43		None.
	Top Bearing Plates	44	A	
	Bottom Bearing Plates, Anchor Bolts	46	A	Buried in concrete

Remarks

DATE INSPECTED 10/6/2002

INSPECTOR (S) L G Perkins Jr.



TEC ASSOCIATES CONSULTING ENGINEERS
 46 Sawyer Street
 South Portland, Maine 04106

STEEL BRIDGE INSPECTION REPORT

IDENTIFICATION		CLASSIFICATION	
RAILROAD	East Penn Railway	BRIDGE NO.	0.08
DIVISION	Colebrookdale Branch	SPAN	2
TOWN	Pottstown	CROSSING	High Street
COUNTY	Montgomery	TYPE	Thru Plate Girder, Open Deck
STATE	Pennsylvania	LENGTH	119' - 0" total
MILEPOST	0.08	NO. TRKS.	1
OWNER		ALIGNMENT - TANGENT	(x)
		CURVE/DEG	
		ENDS (Skewed)	YR BLT.
		SPEED	
ITEMS INSPECTED		LN	CLASS
Drainage		1	A
Slopes, Rip Rap		3	A
General Cleanliness		4	A
Utilities Type		5	A
Paint, Type Date		6	B
Walkways, LS RS Railing		27	
Rail Anchors Br. Appr.		8	
Bridge, Surface, Alignment		9	A
Ties Date Installed		11	A
Tie Spacer Timber Strap (x)		12	A
Guard Rail Wt		13	
Deck Anchors Hooks Clips		14	
Rail, CWR JT (x) WT (100#)		15	A
Foundation, Piers Stone Conc (x)		16	A
Floor Beam Connections		20	A
Floor Beam Flange Angles Webs		21	A
Stringer Connections		22	A
Stringer Flanges, Webs		23	A
Stringer Lateral System		24	
Sole Plates, Anchor Bolts		28	A
Upper Flanges		29	A
Lower Flanges		30	A
Cover Plates, Top (x) Bot (x)		31	A
Webs, Splices		34	A
End, Intermediate Stiffs		35	A
Knee Braces		36	A
Bottom Lateral System		37	A
Towers, Bents, Columns		41	A
Transverse Bracing		42	A
Longitudinal Bracing		43	
Top Bearing Plates		44	A
Bot. Bearing Plates, Anchor Bolts		46	A

Remarks Clearance posted 13' - 10". Signs OK

DATE INSPECTED 10/6/2002

INSPECTOR (S) L G Perkins Jr.

**TEC ASSOCIATES CONSULTING ENGINEERS**

46 Sawyer Street

South Portland, Maine 04106

STEEL BRIDGE INSPECTION REPORT

		IDENTIFICATION				CLASSIFICATION	
RAILROAD	East Penn Railway	BRIDGE NO.	0.08	SPAN	3	A - GOOD	
DIVISION	Colebrookdale Branch	CROSSING	High Street			B - PREVENTATIVE MTC.	
TOWN	Pottstown	TYPE	Thru Plate Girder, Open Deck			C - 1-2-3-4-5 PRIORITY	
COUNTY	Montgomery	LENGTH	119' - 0" total	NO. TRKS.	1	D - SLOW ORDER	
STATE	Pennsylvania	ALIGNMENT - TANGENT	(x)	CURVE DEG		HOW INSPECTED	
MILEPOST	0.08	ENDS	(Skewed)	YR BLT.	SPEED	VISUAL (x)	UNDER LOAD
OWNER						INSPECT. TRUCK	DIVING
ITEMS INSPECTED		LN	CLASS	REMARKS			
GENERAL	Drainage	1	A	This span over sidewalk			
	Slopes, Rip Rap	3	A				
	General Cleanliness	4	A				
	Utilities Type	5	A	Fiber Optics on east side on brackets, OK			
	Paint, Type Date	6	B	Poor.			
TRACK	Walkways, LS RS Railing	27		None.			
	Approach, Surface, Alignment	7	A	56 7/8" gauge. Approach slightly low, OK. Ties OK.			
	Rail Anchors Br. Appr.	8		None.			
	Bridge, Surface, Alignment	9	A	56 3/4" gauge, OK.			
	Ties Date Installed	11	A				
FOUNDATION	Tie Spacer Timber Strap (x)	12	A				
	Guard Rail WT	13		None.			
	Deck Anchors Hooks Clips	14		None.			
	Rail, CWR JT (x) WT (100#)	15	A				
	Abutment Stone Conc (x)	16	A				
FLOOR SYSTEM	Backwall Stone Conc (x)	17	A				
	Wingwall Stone Conc (x)	18	A				
	Floor Beam Connections	20	A				
	Floor Beam Flange Angles Webs	21	A				
	Stringer Connections	22	A				
GIRDERS	Stringer Flanges, Webs	23	A				
	Stringer Lateral System	24		None.			
	Sole Plates, Anchor Bolts	28	A				
	Upper Flanges	29	A				
	Lower Flanges	30	A	Minor corrosion at gussets.			
	Cover Plates, Top (x) Bot (x)	31	A				
	Webs, Splices	34	A				
	End, Intermediate Stiffs	35	A				
	Knee Braces	36	A				
	Bottom Lateral System	37	A				

Remarks

DATE INSPECTED 10/6/2002

INSPECTOR (S) L G Perkins Jr.

EAST PENN RAILWAY
COLEBROOKDALE BRANCH

BRIDGE 0.08
HIGH STREET



Looking west.



TEC ASSOCIATES CONSULTING ENGINEERS
 46 Sawyer Street
 South Portland, Maine 04106

CONCRETE/MASONRY BRIDGE INSPECTION REPORT

IDENTIFICATION		CLASSIFICATION	
RAILROAD	East Penn Railway	BRIDGE NO.	212
DIVISION	Colebrookdale Branch	SPAN	1
TOWN	Pottstown	CROSSING	Grosstown Road
COUNTY	Montgomery	TYPE	Concrete Slab
STATE	Pennsylvania	LENGTH	NO. TRKS. 1
MILEPOST	2.12	ALIGNMENT - TANGENT (x)	CURVE DEG
OWNER		ENDS	YR BLT. SPEED
ITEMS INSPECTED		LN	CLASS
Drainage		1	A
Slopes, Rip Rap		3	A
General Cleanliness		4	A
Utilities Type		5	A
Walkways, LS RS Railing (x)		27	A
Approach, Surface, Alignment		7	OK
Bridge, Surface, Alignment		9	OK
Ballast		10	A
Ties Date installed		11	
Rail, CWR JT (x) WT (100#)		15	B
Abutments, Bridge Seats Stone Conc (x)		17	A
Headwall Stone Conc (x)		18	A
Wingwall Stone Conc (x)		19	A
Span, Type - Arch- Slab- (x)		23	A
Girder-			
Material- (Concrete)			
Depth of Fill-			
Length-			
Drains		26	None

Remarks: Clearance posted 12' - 4", signs OK

DATE INSPECTED 10/8/2002

INSPECTOR (S) L G Perkins Jr.

EAST PENN RAILWAY
COLEBROOKDALE BRANCH

BRIDGE 2.12
GROSSTOWN ROAD



Looking west.



Looking north.

**TEC ASSOCIATES CONSULTING ENGINEERS**

48 Sawyer Street

South Portland, Maine 04106

CONCRETE/MASONRY BRIDGE INSPECTION REPORT

		IDENTIFICATION				CLASSIFICATION	
RAILROAD	East Penn Railway	BRIDGE NO.	348	SPAN	1	A - GOOD	
DIVISION	Colebrookdale Branch	CROSSING	Manatawny Creek			B - PREVENTATIVE MTC.	
TOWN	Pine Forge	TYPE	Steel Girder over Stone Arch			C - 1-2-3-4-5 PRIORITY	
COUNTY	Berks	LENGTH	25' - 0"	NO. TRKS.	1	D - SLOW ORDER	
STATE	Pennsylvania	ALIGNMENT - TANGENT		CURVE/DEG		HOW INSPECTED	
MILEPOST	3.48	ENDS (Square)		YR BLT.		VISUAL (x)	UNDER LOAD
OWNER				SPEED		INSPECT. TRUCK	DIVING
ITEMS INSPECTED		LN	CLASS	REMARKS			
GENERAL	Drainage	1	A	Normally dry			
	Slopes, Rip Rap	3	C1	SW corner losing fill and ballast, see ballast wall notes.			
	General Cleanliness	4	B	Dirty, leaves under stringers on arch, OK			
	Utilities Type	5	A	Fiber Optics, west side, OK			
	Walkways, LS (x) RS Railing (x)	27	A				
TRACK	Approach, Surface, Alignment	7	A	56 3/4" gauge. Ties OK			
	Rail Anchors Br. Appr.	8		None.			
	Bridge, Surface, Alignment	9	A	56 1/2" gauge.			
	Ballast	10	C1	Shoulder slack, 2' under ties at both ends in 5' area at end of bridge, need 3 CY ballast			
				Build new backwall and SW ballast wall of timber. Existing walls very poor, rotted.			
				Ballast wall is 6' high, 14' long. Backwall is 28" high, 12' long.			
			A	SE ballast wall is steel pile and lagging, OK.			
	Ties Date installed	11	A	7 poor, split, and rotted of (35) 8"x 10"x 10' and 14'. Oak ties.			
	Tie Spacer Strap (x)	12	A				
	Guard Rail Wt	13		None.			
Rail, CWR JT (x) WT (100#)	15	A					
FOUNDATION	Piers Stone Conc (x)	16	A	Bridge seat for span 2 built into north side of arch pier.			
	Abutments, Bridge Seats Stone (x) Conc	17	B	Some pointing out, OK.			
	Headwall Stone (x) Conc		A				
	Backwall Timber	18	C1	Losing ballast, replace, C1. 28" high, 12' long			
SPAN				Old fieldstone wall below fallen in one area, OK now.			
	Span, Type - Arch- (x) Slab-	23	B	Some pointing out, OK. Two cracked stones at the north spring line, no movement, OK now			
	Girder-			Arch barrel, OK. No movement.			
	Material- (Stone)			Top of the arch below stringers is not sealed, OK.			
	Depth of Fill-						
STRINGERS / GIRDERS	Length- 10'						
	Sole Plates, Anchor Bolts	28	A				
	Upper Flanges	29	A	One WF beam per rail. Steel beams support track over the arch.			
				Minor pitting of flanges, OK.			
	Lower Flanges	30	A	Minor pitting.			
	Webs	34	A				
	Top Lateral System	36		None			
	Bottom Lateral System	37		None			
Cross, Sway Frames	38	A	Diaphragms				

Remarks:

DATE INSPECTED 10/6/2002

INSPECTOR (S)

L G Perkins Jr.



TEC ASSOCIATES CONSULTING ENGINEERS
 46 Sawyer Street
 South Portland, Maine 04106

STEEL BRIDGE INSPECTION REPORT

		IDENTIFICATION				CLASSIFICATION	
RAILROAD	East Penn Railway	BRIDGE NO.	348	SPAN	3	A - GOOD	
DIVISION	Colebrookdale Branch	CROSSING	Manatawny Creek			B - PREVENTATIVE MTC.	
TOWN	Pine Forge	TYPE	Deck Plate Girder, Open Deck			C - 1-2-3-4-5 PRIORITY	
COUNTY	Berks	LENGTH	60'	NO. TRKS.	1	D - SLOW ORDER	
STATE	Pennsylvania	ALIGNMENT - TANGENT	(x)	CURVE/DEG		HOW INSPECTED	
MILEPOST	3.48	ENDS (Square)		YR BLT.		VISUAL	(x) UNDER LOAD
OWNER				SPEED		INSPECT. TRUCK	DIVING
ITEMS INSPECTED		LN	CLASS	REMARKS			
GENERAL	Drainage Opening	1	A				
	Channel Scouring, Silting, Etc.	2	A				
	Slopes, Rip Rap	3	A				
	General Cleanliness	4	A				
	Utilities Type	5	A	Fiber Optics, west.			
	Paint, Type Date	6	B	Poor.			
	Walkways, LS (x) RS Railing (x)	27	A				
TRACK	Rail Anchors Br. Appr.	8		None.			
	Bridge, Surface, Alignment	9	A	58 1/2" gauge.			
	Ties Date Installed	11	A	9 poor, of (37) 10"x 12"x 12' and 10x 12x 14'. Split, rotted and plate cut, OK now.			
	Tie Spacer Timber Strap (x)	12	A				
	Guard Rail Wt	13		None.			
	Deck Anchors Hooks Clips	14		None.			
	Rail, CWR JT. (x) WT (100#)	15	A				
FOUNDATION	Foundation, Piers Stone Conc (x)	16	A				
GIRDERS, TRUSSES	Sole Plates, Anchor Bolts	28	A	Slotted holes at south end, bolts OK. North end sits on a steel wall plate, plate and bolts OK.			
	Upper Flanges, Chords	29	A				
	Lower Flanges, Chords	30	A	Inside flanges bent up south at bearings, OK. Minor corrosion at bearings and some stiffeners.			
	Cover Plates, Top (x) Bot (x)	31	A	Minor pitting top of top plate, OK.			
	Webbs, Splices	34	A				
	End, Intermediate Stiffs	35	A				
	Top Lateral System	36	A	Minor pitting at braces and gussets.			
	Bottom Lateral System	37	A	Minor corrosion at gussets.			
	Cross, Sway Frames	38	A				

Remarks

DATE INSPECTED 10/8/2002

INSPECTOR (S) L G Perkins Jr.

**TEC ASSOCIATES CONSULTING ENGINEERS**

46 Sawyer Street

South Portland, Maine 04106

CONCRETE/MASONRY BRIDGE INSPECTION REPORT

		IDENTIFICATION				CLASSIFICATION	
RAILROAD	East Penn Railway	BRIDGE NO.	3.48	SPAN	4	A - GOOD	
DIVISION	Colebrookdale Branch	CROSSING	Manatawny Creek / Pine Forge Road			B - PREVENTATIVE MTC.	
TOWN	Pine Forge	TYPE	Steel Girder over Stone Arch			C - 1-2-3-4-5 PRIORITY	
COUNTY	Berks	LENGTH	25' - 0"	NO. TRKS.	1	D - SLOW ORDER	
STATE	Pennsylvania	ALIGNMENT - TANGENT	(x)	CURVE/DEG		HOW INSPECTED	
MILEPOST	3.48	ENDS (Square)		YR BLT.		VISUAL	(x) UNDER LOAD
OWNER				SPEED		INSPECT. TRUCK	DIVING
ITEMS INSPECTED		LN	CLASS	REMARKS			
GENERAL	Drainage	1	A	Over paved road			
	Slopes, Rip Rap	3	A				
	General Cleanliness	4	A				
	Utilities Type	5	A	Fiber optics, west.			
	Paint, Type	6	B	Fair			
	Walkways, LS (x) RS Railing (x)	27	A				
TRACK	Approach, Surface, Alignment	7	A	57 1/8" gauge. Approach slightly low, OK. 4 poor ties on approach, OK.			
	Rail Anchors Br. Appr.	8		None.			
	Bridge, Surface, Alignment	9	A				
	Ballast	10	C4	Shoulder slack northeast and northwest. Need a 6' high cribwall in the NE corner, 30' long. Old stack of timber in poor condition. Need 7 CY ballast, C4.			
	Ties Date Installed	11	A	9 poor, OK			
	Guard Rail Wt	13		None.			
FOUNDATION	Rail, CWR JT (x) WT (100#)	15	A				
	Abutmts, Bridge Seats Stone (x) Conc	17	A				
	Headwall Stone (x) Conc		A				
	Backwall Timber	18	B	Top timber softening some, OK now, rest OK.			
	Wingwall Stone (x) Conc	19	A				
	Span, Type - Arch- (x) Slab- Girder- Material- (Stone) Depth of Fill- Length- 10'	23	A	Minor pointing out, OK. Top of arch masonry sealed with a bituminous sealer, OK.			
STRINGERS / GIRDERS	Sole Plates, Anchor Bolts	28	A				
	Upper Flanges	29	A	One WF beam per rail. Supports rail over stone arch. Minor pitting on flanges, OK.			
	Lower Flanges	30	A	Minor pitting.			
	Webs	34	A				
	Top Lateral System	36		None			
	Bottom Lateral System	37		None			
Cross, Sway Frames	38	A					

Remarks No trespassing signs missing. Clearance posted at 15'-7" ctr, 14'-0" sides, signs OK.

DATE INSPECTED 10/8/2002

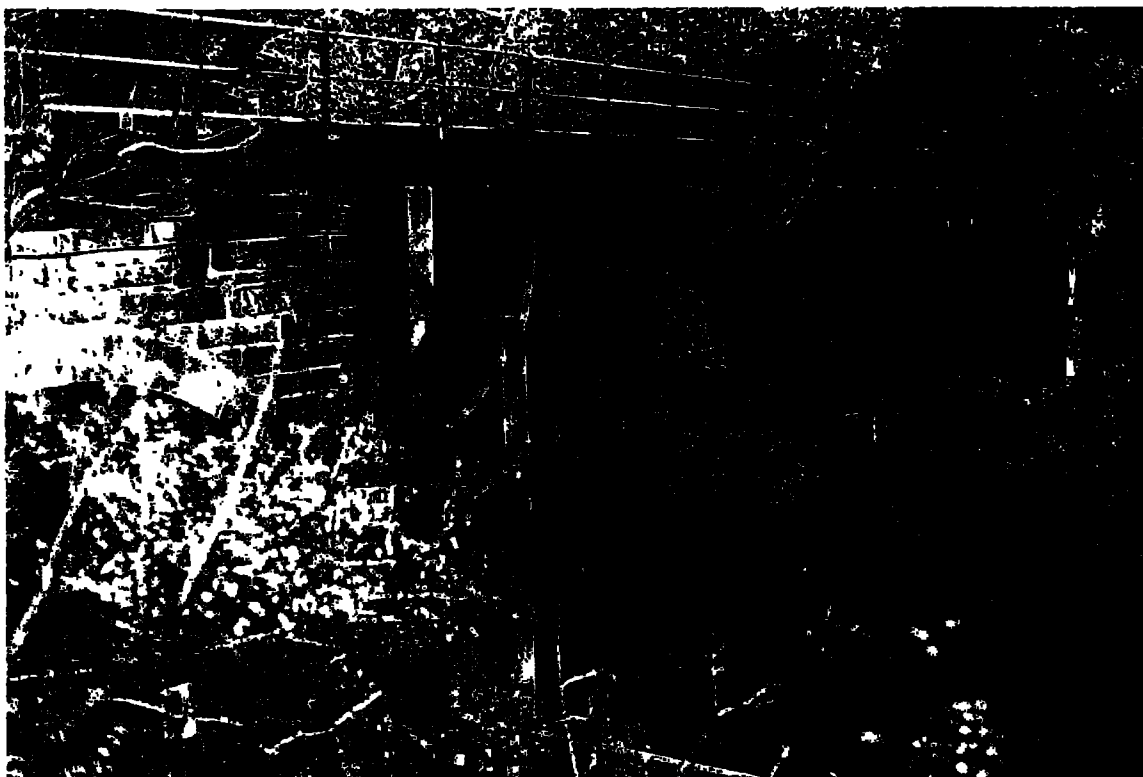
INSPECTOR (S) L G Perkins Jr.

EAST PENN RAILWAY
COLEBROOKDALE BRANCH

BRIDGE 3.48
MANATAWNY CREEK / PINE FORGE ROAD



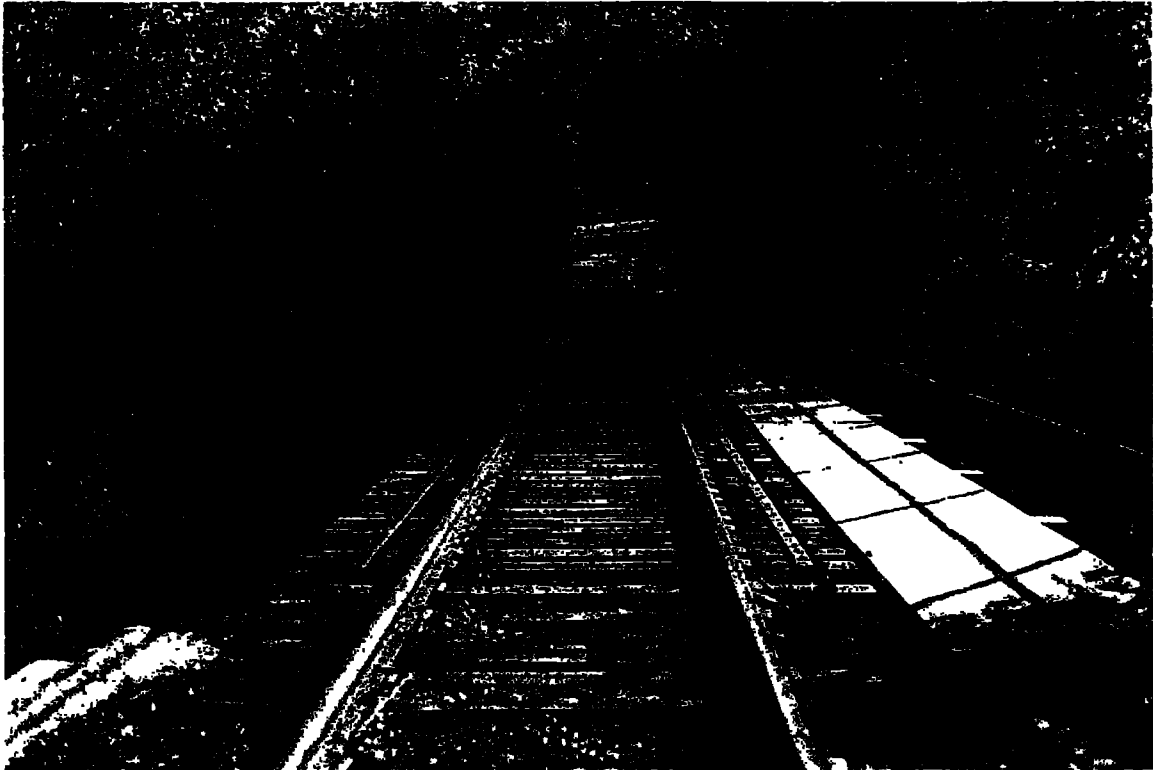
Looking west, span 4.



Looking southeast, spans 2 & 3.

EAST PENN RAILWAY
COLEBROOKDALE BRANCH

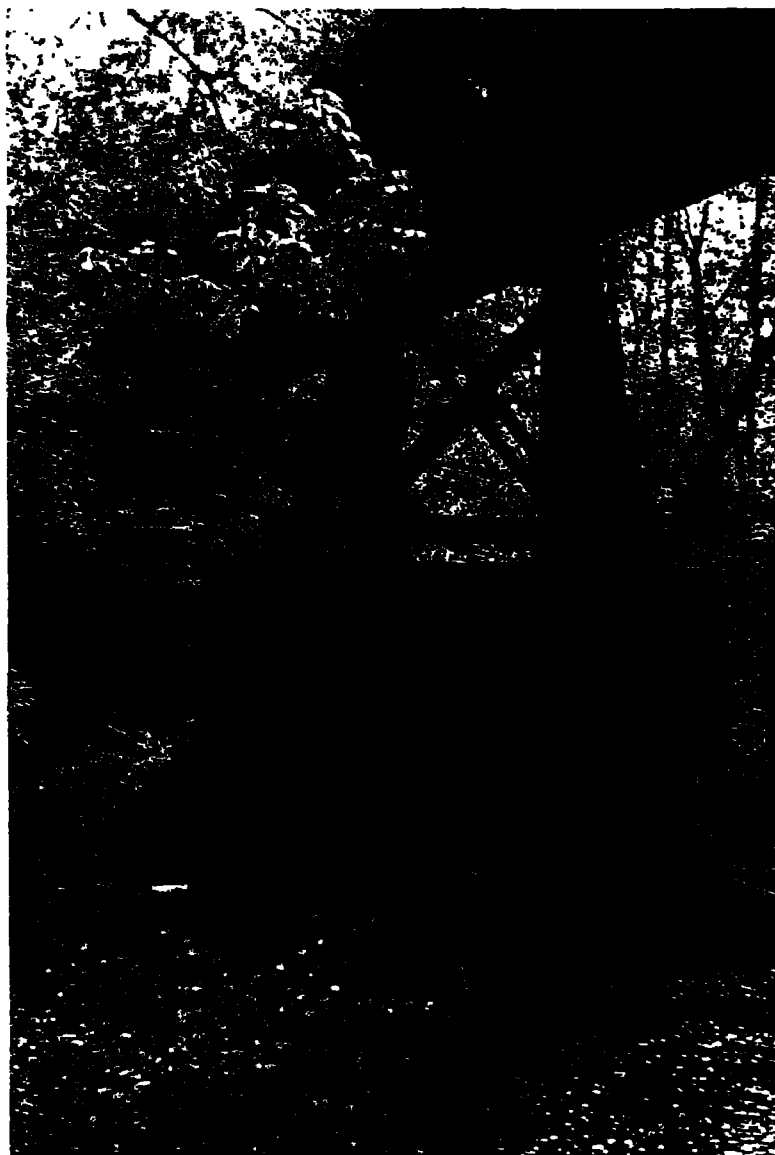
BRIDGE 3.48
MANATAWNY CREEK



Looking south.

EAST PENN RAILWAY
COLEBROOKDALE BRANCH

BRIDGE 3.48
MANATAWNY CREEK / PINE FORGE ROAD



Looking southwest, spans 2 & 3.



STEEL BRIDGE INSPECTION REPORT

IDENTIFICATION		CLASSIFICATION	
RAILROAD	East Penn Railway	BRIDGE NO.	3.54
DIVISION	Colebrookdale Branch	SPAN	1
TOWN	Pine Forge	CROSSING	Private Underpass
COUNTY	Berks	TYPE	Deck Plate Girder, Open Deck
STATE	Pennsylvania	LENGTH	18'-6"
MILEPOST	3.54	NO. TRKS.	1
OWNER		ALIGNMENT - TANGENT	CURVE DEG
		ENDS	YR BLT. SPEED
ITEMS INSPECTED		LN	CLASS
REMARKS			
GENERAL			
Drainage		1	A
Slopes, Rip Rap		3	A
General Cleanliness		4	B
Utilities Type		5	A
Paint, Type Date		6	B
Walkways, LS (x) RS (x) Railing		27	A
TRACK			
Approach, Surface, Alignment		7	A
Rail Anchors Br. Appr.		8	
Bridge, Surface, Alignment		9	A
Ballast		10	A
Ties Date Installed		11	A
Tie Spacer Timber Strap (x)		12	A
Guard Rail Wt		13	
Deck Anchors Hooks Clips		14	
Rail, CWR JT (x) WT (100#)		15	A
FOUNDATION			
Abutments, Bridge Seats Stone (x) Conc (x)		17	B
Backwall Stone Conc (x)		18	A
Wingwall Stone (x) Conc		19	A
GIRDERS, TRUSSES			
Sole Plates, Anchor Bolts		28	A
Upper Flanges		29	A
Lower Flanges		30	B
Webs, Splices		34	A
End, Intermediate Stiffs		35	A
Top Lateral System		36	A
Bottom Lateral System		37	
Cross, Sway Frames		38	A

Remarks

DATE INSPECTED 10/8/2002

INSPECTOR (S) L G Perkins Jr.

EAST PENN RAILWAY
COLEBROOKDALE BRANCH

BRIDGE 3.54
PRIVATE UNDERPASS



Looking east.



Looking north.

[illegible]**Remarks**

DATE INSPECTED 10/6/2002

INSPECTOR (S) **L G Perkins Jr.**

STEEL BRIDGE INSPECTION REPORT

		IDENTIFICATION				CLASSIFICATION	
RAILROAD	East Penn Railway	BRIDGE NO.	3.74	SPAN	8	A - GOOD	
DIVISION	Colebrookdale Branch					B - PREVENTATIVE MTC.	
TOWN	Pine Forge	CROSSING	Brook			C - 1-2-3-4-5 PRIORITY	
COUNTY	Berks	TYPE	Deck Girder, Open			D - SLOW ORDER	
STATE	Pennsylvania	LENGTH	144' - 0" total	NO. TRKS.	1	HOW INSPECTED	
MILEPOST	3.74	ALIGNMENT - TANGENT	(x)	CURVE/DEG		VISUAL	(x) UNDER LOAD
OWNER		ENDS (Square)	YR BLT.	SPEED		INSPECT. TRUCK	DIVING
ITEMS INSPECTED		LN	CLASS	REMARKS			
Drainage Opening		1	B	Some debris, logs, remove.			
Channel Scouring, Siltng, Etc.		2	B	Minor scour along bent 7, OK.			
Slopes, Rip Rap		3	A				
General Cleanliness		4	B	Debris in stream.			
Utilities Type		5	A	Fiber optics, east side.			
Paint, Type Date		6	B	Poor.			
Walkways, LS (x) RS (x) Railing		27	A				
Bridge, Surface, Alignment		9	A				
Ties Date Installed		11	A	0 poor of (15) 8"x8"x12'			
Tie Spacer Timber (x) Strap		12	A				
Guard Rail		13		None			
Deck Anchors Hooks Clips		14	A	Every fourth tie.			
Rail, CWR JT (x) WT (100#)		15	A				
Foundation, Piers Stone Conc		16	A				
Sole Plates, Anchor Bolts		28	A				
Upper Flanges		29	A				
Lower Flanges		30	A	Minor corrosion on bottom flanges, especially inside, OK.			
Webs, Splices		34	A	Minor corrosion at bottom.			
End, Intermediate Stiffs		35	A				
Cross, Sway Frames		38	A				
No. Piles- Posts - 4		41	C2	Bent 8A: Posts P1, 3, and 4 are blocked at bottom, OK.			
				P1,2 and 4 are OK. P3 has heart rot at bottom of post and some softening at top, replace, C.			
			B	Bent 8B: Posts P3, softening some at bottom, OK. Others OK.			
Transverse Bracing		42	A				
Longitudinal Bracing		43		None			
Caps Timber (x)		44	C2	Bent 8A: Heart rotted, top opening and softening, replace, C2.			
			C4	Bent 8B: Some heart rot at ends, top opening up, softening, replace, C4.			
Sills		45	B	Bent 8A : softening some at ends and on top, OK now, B.			
			B	Bent 8B: minor softening, OK.			
Girts			A				
Remarks							

DATE INSPECTED 10/8/2002

INSPECTOR (S) *L G Perkins Jr.*



STEEL BRIDGE INSPECTION REPORT

RAILROAD		East Penn Railway		BRIDGE NO.		3.74		SPAN		9		CLASSIFICATION		
DIVISION		Colebrookdale Branch		CROSSING		Brook						A - GOOD		
TOWN		Pine Forge		TYPE		Deck Girder, Open						B - PREVENTATIVE MTC.		
COUNTY		Berks		LENGTH		144' total		NO. TRKS.		1		C - 1-2-3-4-5 PRIORITY		
STATE		Pennsylvania		ALIGNMENT - TANGENT		(x)		CURVE DEG				D - SLOW ORDER		
MILEPOST		3.74		ENDS		(Square)		YR BLT.		SPEED		HOW INSPECTED		
OWNER												VISUAL (x) UNDER LOAD		
												INSPECT. TRUCK DIVING		
ITEMS INSPECTED				LN	CLASS	REMARKS								
GENERAL	Drainage				1	A								
	Slopes, Rip Rap				3	A								
	General Cleanliness				4	A								
	Utilities Type				5	A	Fiber optic, east side.							
	Paint, Type Date				6	B	Poor.							
	Walkways, LS (x) RS Railing (x)				27	A								
TRACK	Bridge, Surface, Alignment				9	A								
	Ties Date Installed				11	A	0 poor of (15) 8"x8"x12'							
	Tie Spacer Timber (x) Strap				12	A								
	Guard Rail				13		None							
	Deck Anchors Hooks Clips				14	A	On every 4th tie.							
	Rail, CWR JT (x) WT (100#)				15	A								
FOUNDATION	Foundation, Piers Stone Conc				16	A								
GIRDERS, TRUSSES	Sole Plates, Anchor Bolts				28	A								
	Upper Flanges				29	A								
	Lower Flanges				30	A	Minor corrosion on outstanding legs, OK.							
	Webs, Splices				34	A								
	End, Intermediate Stiffs				35	A								
	Cross, Sway Frames				38	A								
BENTS - TOWERS	No. Piles- Posts- 4				41	A	Bent 9A: Posts OK							
						B	Bent 9B: P2 is softening some at the bottom, OK now. Others OK.							
	Transverse Bracing				42	B	South side of bent 9A, bolts too close to end of brace, OK now, brace OK now.							
						A	North side of bent 9B.							
	Longitudinal Bracing				43		None							
	Caps				44	A								
	Sills				45	B	Bent 9A: 3" bottom corner split, OK.							
						B	Bent 9B: Sill is in two pieces. West half is older with some heart rot at center splice, OK now under posts, OK now.							
	Corbels					A	Corbels on bent 9B for span 10, OK.							
	Girts					A								
Remarks														

DATE INSPECTED 10/6/2002

INSPECTOR (S) L G Perkins



TIMBER BRIDGE INSPECTION REPORT									
IDENTIFICATION							CLASSIFICATION		
RAILROAD	East Penn Railway		BRIDGE NO.	3.74		SPAN	10 - 16		A - GOOD
DIVISION	Colebrookdale Branch		CROSSING	Brook					B - PREVENTATIVE MTC.
TOWN	Pine Forge		TYPE	Timber Post Trestle, Open Deck					C - 1-2-3-4-5 PRIORITY
COUNTY	Berks		LENGTH	144' - 0" total		NO. TRKS.	1		D - SLOW ORDER
STATE	Pennsylvania		ALIGNMENT - TANGENT	(x)		CURVE/DEG			HOW INSPECTED
MILEPOST	3.74		ENDS (Square)	YR BLT.		SPEED			VISUAL (x) UNDER LOAD
OWNER									INSPECT. TRUCK DIVING
ITEMS INSPECTED			LN	CLASS	REMARKS				
GENERAL	Drainage Opening		1	A					
	Slopes, Rip Rap		3	A					
	General Cleanliness		4	B	Bridge seats dirty. Some bushes.				
	Utilities Type		5	A	Fiber optics east side, OK.				
	Walkways, LS (x) RS Railing (x)		27	A					
TRACK	Approach, Surface, Alignment		7	A	56 1/2" gauge.				
	Bridge, Surface, Alignment		9	A	56 1/2" gauge.				
	Ballast		10	A					
	Ties Date Installed		11	A	All good of (42) 8"x 8"x 10'.				
	Tie Spacer Timber (x) Strap		12	A					
FOUNDATION	Guard Rail		13		None				
	Deck Anchors		14	A	Ship spike every other tie, OK				
	Rail, CWR JT (x) WT (100#)		15	A					
	Piers Stone (x) Conc (x)		16	A	Piers #10, 12, 13, 14, and 15 are stone. Pier 11 is concrete. Minor pointing out, OK.				
	Abutments, Bridge Seats Stone (x) Conc (x)		17	B	Stone at bottom with minor pointing out, OK. Concrete top 1', some spalling at ends, B.				
DECK	Backwall		18	A	Wood.				
	Wingwall		19	A	Steel pile and lagging.				
	Stringers, No./size per rail-		23	C5	Spans 10 and 11: S1 has 1" top split and rot, some heart rot, OK now, replace, C5.				
	(2) 12"x 16".			B	Spans 10,11,12: S2 has minor top rot, OK now				
	Span 10: 6'-7"			B	Spans 10,11,12,13: S3 has minor top rot, OK now.				
	Span 11: 7'-10"			C5	Spans 10,11: S4 has 3" top corner split and rot, OK now, replace, C5				
	Span 12: 7'-2"			B	Spans 12,13, 14: S4 has minor top rot, OK.				
	Span 13: 7'-0"			B	Spans 15,16: S4 has minor top rot, OK.				
	Span 14: 7'-4"			A	Spans 12,13,14: S1 is OK. Spans 13,14,15,16: S2 is OK.				
	Span 15: 7'-3"			B	Spans 15,16: S1 has 3/4" top rot, OK now, B.				
BENTS - TOWERS	Span 16: 6'-4"			C3	Spans 14, 15, 16: S3 has 4" of top corner brooming and softening, replace, C3.				
	Corbels			A	All Bents				
	No. Piles - Posts - (4)		41	B	Bent 10: Post 1 has minor softening at the bottom, Others OK.				
					Bent 11: P4 has some heart rot at the bottom 4', OK now, B. Others OK.				
				A	Bents 12, 14, 15: All OK.				
				B	Bent 13: P3 and P4 have some softening at the bottom, OK now.				
	Transverse Bracing		42	A	Bents 10,11,12,13.				
	Longitudinal Bracing		43		None				
	Caps Timber - (x) Concrete -		44	A	Bents 10, 12, 14, 15				
				B	Bent 11: Top softening some, OK now, B.				
BENT'S - TOWERS				B	Bent 13: some heart rot at the east end, OK now.				
	Stis		45	B	Bent 10: Minor softening at west end, OK now.				
				B	Bent 11: minor softening, OK.				
				A	B12 and B13.				
				C3	Bent 14: Softening with some heart rot, 75% effective, replace, C3.				
				B	Bent 15 Minor softening at ends and on bottom, some heart rot at ends, OK now, B.				
	Bearing Blocks			A	At north end of span 16 only.				
	Girts			A					
	Remarks								

EAST PENN RAILWAY
COLEBROOKDALE BRANCH

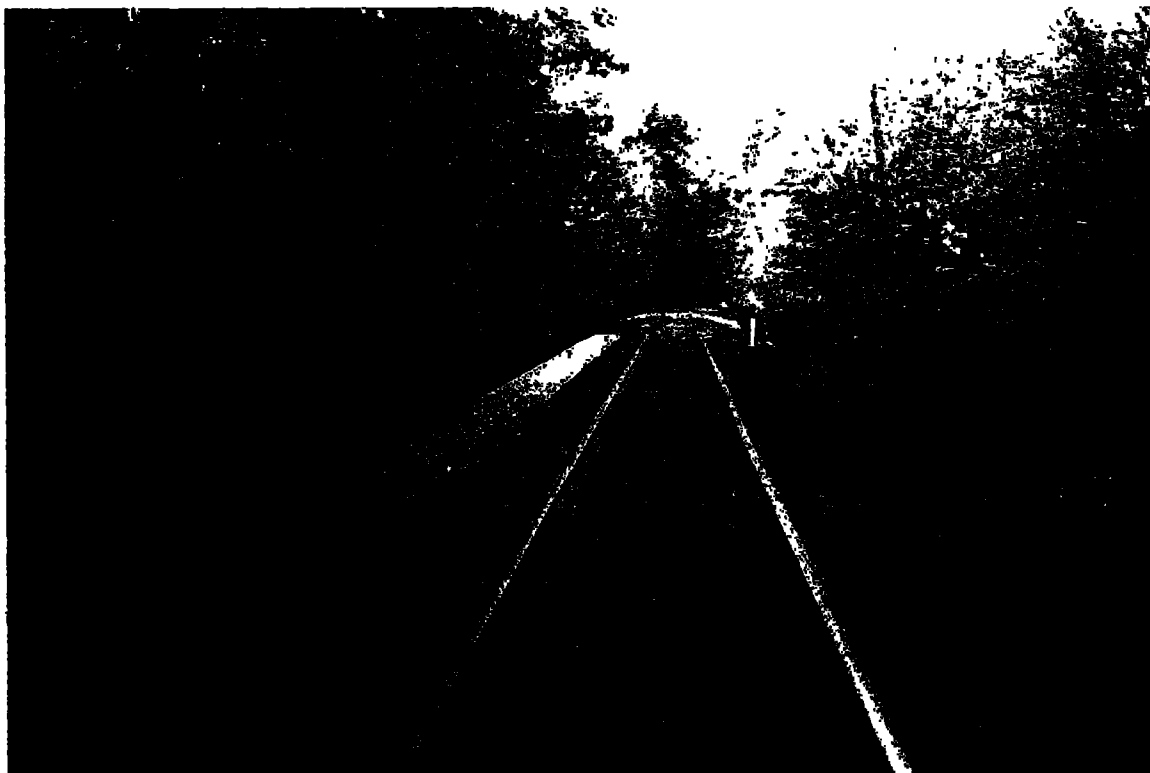
BRIDGE 3.74
BROOK



Looking southwest.

EAST PENN RAILWAY
COLEBROOKDALE BRANCH

BRIDGE 3.74
BROOK



Looking north.

**TEC ASSOCIATES CONSULTING ENGINEERS**

46 Sawyer Street

South Portland, Maine 04106

TIMBER BRIDGE INSPECTION REPORT

		IDENTIFICATION				CLASSIFICATION		
RAILROAD	East Penn Railway	BRIDGE NO.	4.21	SPAN	1 - 4	A - GOOD		
DIVISION	Colebrookdale Branch					B - PREVENTATIVE MTC.		
TOWN	Pine Forge	CROSSING	Grist Mill Road			C - 1-2-3-4-5 PRIORITY		
COUNTY	Berks	TYPE	Timber Post Trestle, Open Deck			D - SLOW ORDER		
STATE	Pennsylvania	LENGTH	115' - 0"	NO. TRKS.	1	HOW INSPECTED		
MILEPOST	4.21	ALIGNMENT - TANGENT	(x)	CURVE/DEG		VISUAL	(x) UNDER LOAD	
OWNER		ENDS	(Square)	YR BLT.	SPEED	INSPECT. TRUCK	DIVING	
ITEMS INSPECTED		LN	CLASS	REMARKS				
GENERAL	Drainage Opening	1	A	Opening, slopes OK.				
	General Cleanliness	4	A					
	Utilities	5		None.				
TRACK	Walkways, LS (x) RS Railing (x)	27	A	Grating on deck, OK. Railing is cable, OK.				
	Approach, Surface, Alignment	7	A	One poor track tie at south approach. 56 3/4" gauge.				
	Bridge, Surface, Alignment	9	A	56 5/8" gauge.				
	Ballast	10	A					
	Ties Date installed	11	A	New				
	Tie Spacer Timber (x) Strap	12	A	No guard rail.				
	Deck Anchors	14	A	Ship spiked on every other tie.				
	Rail, CWR JT (x) WT (100#)	15	A					
FOUNDATION	Piers Stone Conc (x)	16	A					
	Abutments, Bridge Seats Stone Conc (x)	17	A					
	Backwall Stone Conc	18	A	Wooden.				
	Wingwall Stone Conc (x)	19	A	Lagging and tie rods, OK.				
DECK	Stringers, No./size per rail-	23	B	Spans 1 and 2: Stringer #1 softening some on top, some heart rot at the north end, 80% effective, OK now				
	(2) 12" x 16"							
	Span 1: 7'-6"		A	Span 1: Stringer #2 OK. Span 1,2,3,4: Stringer #3 OK. Spans 3,4: Stringer #1 OK.				
	Span 2: 9'-4"		B	Span 1: Stringer #4 top 1" softening, OK now.				
	Span 3: 7'-6"		C3	Spans 2,3,4: Stringer #2 has some heart rot on span 2, rest OK. 60% eff. Replace, C3.				
	Span 4: 6'-6"		B	Spans 2,3,4: Stringer #4 top softening some, 80% effective, OK now.				
	Corbels		B	Bent 1: Corbel #1 is split some, others OK, OK now.				
			B	Bent 2: #1 is split some at south end, OK now. #3 is softening some, OK now.				
				#4 has a minor vertical split, OK now. #2 is OK.				
			C4	Bent 3: #1 is split vertically, 75% effective, replace, C4. Others OK.				
			A	Bent 4A: OK				
				Bent 4B: no corbels				
	BENTS - TOWERS	No. Piles - Posts - 4	41	A	Bents 1 and 2			
				C2	Bent 3: Post 1 has 1" of surface rot and some heart rot at the bottom, 60% effective, replace, C2. Other posts OK.			
			C2	Bent 4A: Posts 1,2 and 3 have 18" vertical blocks at the bottom.				
				P1: The block and the bottom of the post are softening some, OK now. B.				
				P2: Softening some at bottom, OK now.				
				P3: Block is very soft and heart rotted, 40% effective, replace, C2. Bottom 3' of the post is softening, top of post also posted, replace entire post, C2.				
				P4: Rotted badly at bottom, replace, C2.				
			A	Bent 4B: Minor softening at bottom of posts, OK.				
Transverse Bracing		42	A					
Longitudinal Bracing		43	A	Girts only				
Caps Timber - (x) Concrete -		44	B	Bents 1 and 2: Minor softening on top, OK now.				
			C2	Bent 3: Split and softening some on bottom, replace, C2.				
			B	Bent 4A is OK, A. Bent 4B top split some, OK now, B.				
Sills		45	B	Bent 1: Top opening and softening some, OK now.				
			B	Bent 2: Minor softening on bottom, sits on concrete, OK now.				
			A	Bents 3 and 4A				
			B	Bent 4B: Softening some, OK.				
Mud Sills, Blocking		46	B	Bent 3: Two blocks under sill have some heart rot, 75% effective, OK now.				
Stringer Blocking		B	Blocking under stringers at south abut softening some, OK now, 2 sets.					

DATE INSPECTED 10/5/2002

INSPECTOR (S) L G Perkins Jr.

**TEC ASSOCIATES CONSULTING ENGINEERS**

46 Sawyer Street

South Portland, Maine 04106

STEEL BRIDGE INSPECTION REPORT

IDENTIFICATION		CLASSIFICATION	
RAILROAD	East Penn Railway	BRIDGE NO.	421
DIVISION	Colebrookdale	SPAN	5 - 7
TOWN	Pine Forge	CROSSING	Grist Mill Road
COUNTY	Berks	TYPE	Steel Stringer, Open Deck
STATE	Pennsylvania	LENGTH	115' total
MILEPOST	1.21	NO. TRKS.	1
OWNER		ALIGNMENT - TANGENT	(x)
		CURVE/DEG	
		ENDS (Square)	YR BLT.
		SPEED	
ITEMS INSPECTED		LN	CLASS
REMARKS			
Drainage		1	A
Slopes, Rip Rap		3	B
General Cleanliness		4	A
Utilities Type		5	None.
Paint, Type Date		6	B
Walkways, LS (x) RS Railing (x)		27	A
Fair, poor flanges.			
Bridge, Surface, Alignment		9	A
56 3/4" gauge.			
Ties Date Installed		11	A
Tie Spacer Timber (x) Strap		12	A
Deck Anchors Hooks Clips		14	A
On every 4th tie.			
Rail, CWR JT (x) WT (100#)		15	A
Foundation, Piers Stone Conc (x)		16	A
Sole Plates, Anchor Bolts		28	C2
Anchor bolts at the north end of span 5 missing, one each side, replace, C2.			
Steel bearing plates on cap, OK. Anchor bolts OK.			
Upper Flanges		29	A
Lower Flanges		30	A
Webs, Splices		34	A
End, Intermediate Stiffs		35	A
Top Lateral System		36	A
At south end span 5 and north end of span 7 only, OK.			
Bottom Lateral System		37	None
Cross, Sway Frames		38	A
Diaphragms			
No. Pile- Posts- 4		41	B
Bent 5A: Post #2 spliced at bottom, OK now. Others OK			
Bent 5B: Post #4 softening some at bottom, damaged bottom 1'. OK. Others OK.			
Bent 6A: Post #4 softening some at bottom, OK. Others OK.			
Bent 6B: Post #4 softening some at bottom, OK. Others OK.			
Bent 7A: Post #3 spliced at top, OK now. Others OK.			
Bent 7B: Minor softening at bottom, OK now. Others OK.			
Transverse Bracing		42	A
Minor softening at ends, OK.			
Longitudinal Bracing		43	A
Girts only			
Caps Timber- (x) Conc-		44	A
Bent 5A and 5B: OK.			
C3 Bent 6A: Some heart rot at the west end and softening some, replace, C3. Shims soft.			
B Bent 6B: Minor softening on top, OK now, shims OK.			
C2 Bent 7A: Split top and softening, replace, C2.			
C3 Bent 7B: Split top and softening some, replace, C3.			
Sills		45	A
Bent 5A, 6A, 6B all OK.			
B Bent 5B: Minor softening on bottom, sills on concrete, OK now.			
B Bent 7A: Softening some at the east end, OK now.			
B Bent 7B: Softening some at west end, OK now.			

Remarks

DATE INSPECTED 10/5/2002

INSPECTOR (S) L G Perkins Jr.



TIMBER BRIDGE INSPECTION REPORT									
IDENTIFICATION							CLASSIFICATION		
RAILROAD	East Penn Railway		BRIDGE NO.	4.21		SPAN	8 - 12		A - GOOD
DIVISION	Cokebrookdale Branch								B - PREVENTATIVE MTC.
TOWN	Pine Forge		CROSSING	Grist Mill Road					C - 1-2-3-4-5 PRIORITY
COUNTY	Berks		TYPE	Timber Post Trestle, Open Deck					D - SLOW ORDER
STATE	Pennsylvania		LENGTH	115' total		NO. TRKS.	1		HOW INSPECTED
MILEPOST	4.21		ALIGNMENT - TANGENT	(x)		CURVE DEG			VISUAL (x) UNDER LOAD
OWNER			ENDS (Square)	YR BLT.		SPEED			INSPECT. TRUCK DIVING
ITEMS INSPECTED			LN	CLASS	REMARKS				
Drainage Opening			1	A					
Slopes, Rip Rap			3	A					
General Cleanliness			4	A					
Utilities Type			5		None.				
Walkways, LS (x) RS Railing			27	A					
Approach, Surface, Alignment			7	A	Two poor track ties at north end, OK. 58 7/8" gauge.				
Bridge, Surface, Alignment			9	A	58 3/4" gauge.				
Ballast			10	A					
Ties Date Installed			11	A					
Tie Spacer Timber (x) Strap			12	A					
Deck Anchors			14	A	Ship spikes every other tie, OK.				
Rail, CWR JT (x) WT (100#)			15	A					
Piers Stone Conc (x)			16	A					
Abutments, Bridge Seats Stone Conc (x)			17	A					
Backwall			18	A	Timber				
Wingwall			19	A	Timber				
Stringers, No./size per rail-			23	C5	Spans 8,9,10: Stringer #1 has 1 1/4" top rot and softening, 85% effective, replace, C5.				
(2) 12"x 16"				A	Spans 8,9: Stringer #2 OK. Spans 10,11,12: Stringer #2 OK.				
Span 8: 5'-6"				B	Spans 8,9: Stringer #3 has 1" of top rot, OK now.				
Span 9: 7'-4"				C3	Spans 8,9: Stringer #4 has top 4" broomed badly at the south end, some heart rot, 75% effective, replace, C3.				
Span 10: 6'-4"				B	Spans 11,12: Stringer #1 has 1" of top rot, OK now.				
Span 11: 6'-4"				C3	Spans 10,11,12: Stringer #3 has 1 1/2" of top rot and some heart rot at the north end, 75% effective, replace, C3.				
Span 12: 5'-6"				B	Spans 10,11,12: Stringer #4 has 1" of top rot and softening some, 90% eff, OK now.				
Corbels				A					
No. Piles - Posts - 4			41	A	Bent 8				
				C5	Bent 9: Post 2 softening some, 80% effective, replace, C5. P4 softening some at bot, OK. Others OK.				
				C4	Bent 10: Post 2 posted. Top softening at bottom, replace, C4, bottom OK. Others OK.				
				B	Bent 11: Post 3 has some heart rot and softening at bottom, OK now. Others OK.				
Transverse Bracing			42	A					
Longitudinal Bracing			43	A	Girts only. Minor splits at ends, OK.				
Caps Timber - (x) Concrete -			44	A	Bents 8 and 10				
				B	Bent 9: Top softening some, OK.				
				B	Bent 11: Top split and softening some, OK.				
Sills			45	C4	Bent 8: Split and softening top and at east end, 85% effective, replace, C4.				
				A	Bents 9,10,11				
Mud Sills, Blocking			46	C4	Bent 8: Blocks #3,4 and 6 (of 6) softening under sill, replace, C4.				
Blocks				A	North end stringer bearing blocks OK.				
Remarks									

DATE INSPECTED 10/5/2002

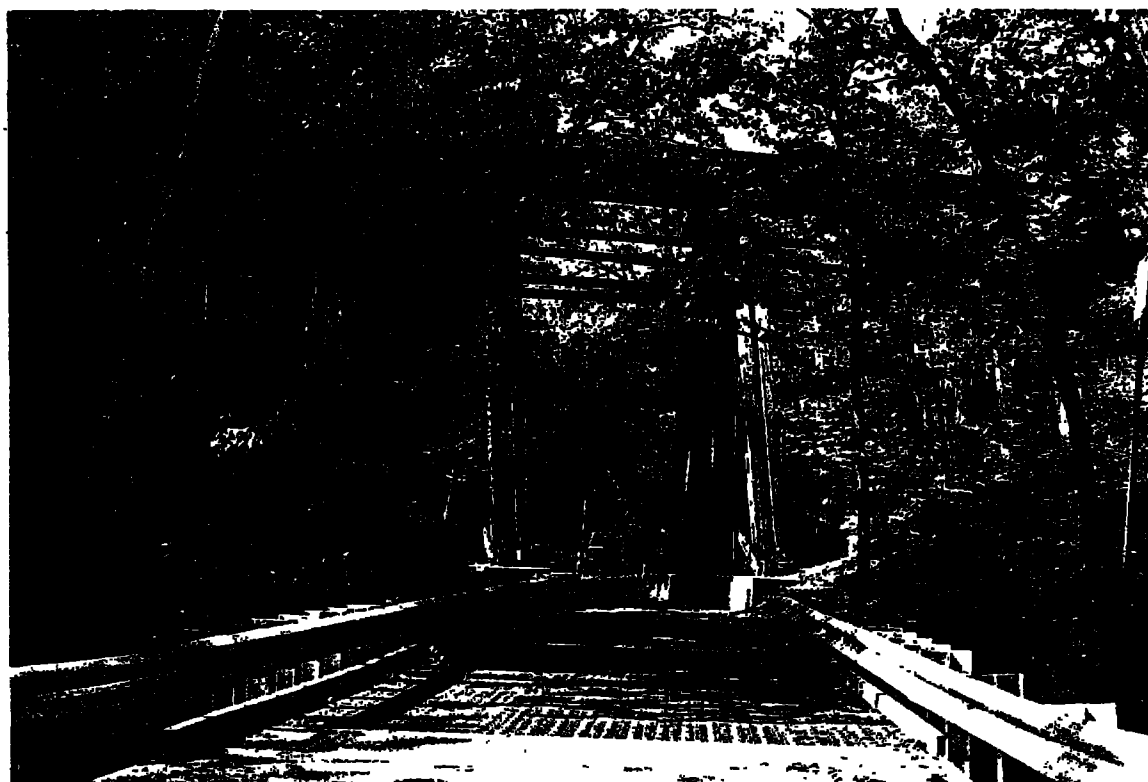
INSPECTOR (S) *L G Perkins Jr.*

EAST PENN RAILWAY
COLEBROOKDALE BRANCH

BRIDGE 4.21
GRIST MILL ROAD



Looking east.



Looking west.

EAST PENN RAILWAY
COLEBROOKDALE BRANCH

BRIDGE 4.21
GRIST MILL ROAD



Looking north.



Looking south.



TEC ASSOCIATES CONSULTING ENGINEERS
 46 Sawyer Street
 South Portland, Maine 04106

STEEL BRIDGE INSPECTION REPORT

IDENTIFICATION		CLASSIFICATION	
RAILROAD	East Penn Railway	BRIDGE NO.	5.04 SPAN 1
DIVISION	Colebrookdale Branch	CROSSING	Redshale Drive/ Ironstone Lane
TOWN	Colebrookdale	TYPE	Deck Girder, Open Deck
COUNTY	Berks.	LENGTH	NO. TRKS. 1
STATE	Pennsylvania	ALIGNMENT - TANGENT (x)	CURVE/DEG
MILEPOST	5.04	ENDS (Square)	YR BLT. SPEED
OWNER			
ITEMS INSPECTED		LN	CLASS
REMARKS			
GENERAL			
Drainage		1	A
Slopes, Rip Rap		3	A
General Cleanliness		4	A
Utilities Type		5	A
Paint, Type Date (1956)		6	B
Walkways, LS RS Railing		27	
TRACK			
Approach, Surface, Alignment		7	A
Bridge, Surface, Alignment		9	A
Ballast		10	A
Ties Date Installed		11	B
Tie Spacer Timber Strap (x)		12	A
Guard Rail		13	
Deck Anchors			
Rail, CWR JT (x) WT (100#)		15	A
FOUNDATION			
Abutments, Bridge Seats Stone (x) Conc		17	B
Backwall Stone (x) Conc		18	A
Parapet Stone (x) Conc		19	A
GIRDERS, TRUSSES			
Sole Plates, Anchor Bolts		28	A
Upper Flanges		29	A
Lower Flanges		30	A
Webs, Splices		34	A
End, Intermediate Stiffs		35	A
Top Lateral System		36	A
Bottom Lateral System		37	
Cross, Sway Frames		38	A

Remarks

DATE INSPECTED 10/5/2002

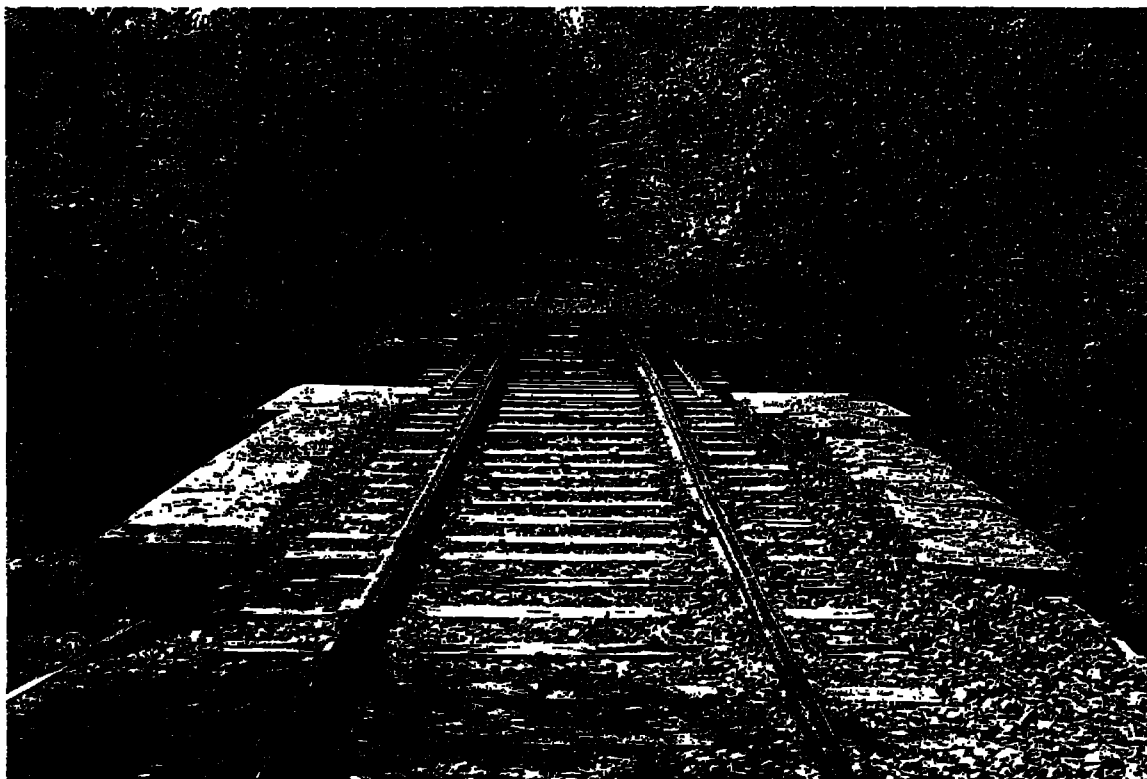
INSPECTOR (S) L G Perkins Jr.

EAST PENN RAILWAY
COLEBROOKDALE BRANCH

BRIDGE 5.04
REDSHALE DRIVE / IRONSTONE LANE



Looking west.



Looking south.



STEEL BRIDGE INSPECTION REPORT

IDENTIFICATION			CLASSIFICATION			
RAILROAD	East Penn Railway		BRIDGE NO.	6.98	SPAN	1
DIVISION	Colebrookdale Branch		CROSSING	Farmington Avenue		
TOWN	Colebrookdale		TYPE	Deck Plate Girder, Open Deck		
COUNTY	Berks		LENGTH	30' - 0"	NO. TRKS.	1
STATE	Pennsylvania		ALIGNMENT - TANGENT	(x)	CURVE/DEG	
MILEPOST	6.98		ENDS	(Skewed)	YR BLT.	SPEED
OWNER			INSPECT. TRUCK			DIVING
ITEMS INSPECTED			LN	CLASS	REMARKS	
GENERAL	Drainage Opening		1	A	Catch basins underneath, OK	
					Street paved, good condition	
	Slopes, Rip Rap		3	A		
	General Cleanliness		4	B	Bushes around track at south end.	
	Utilities	Type	5	A	Fiber optics on the west side, attached to stiffeners, OK.	
	Paint, Type	Date	6	B	Poor.	
	Walkways, LS	RS Railing	27		None.	
TRACK	Approach, Surface, Alignment		7	B	56 1/4" gauge north, 56 5/8" south. One poor track tie north. North line slightly irregular	
					OK now.	
	Bridge, Surface, Alignment		9	B	South end of bridge approx 3/4" high, OK. 56 1/2" gauge.	
	Ballast		10	A		
	Ties	Date Installed	11	A	All OK of (39) 8"x 10"x 10'.	
					Parapet ties OK.	
	Tie Spacer	Timber Strap (x)	12	A		
FOUNDATION	Guard Rail		13		None.	
	Deck Anchors		14		None.	
	Rail, CWR	JT (x) WT (100#)	15	A		
	Abutments, Bridge Seats	Stone Conc (x)	17	B	Some spalling, surface cracks and construction joints cracks, OK now..	
	Backwall	Stone Conc (x)	18	A		
	Wingwall	Stone Conc (x)	19	C5	Southeast wall spalled badly at end and coping. Up to 4" deep over 25% of wall, Construction joints cracking some, OK now. Repair, waterproof masonry, C5.	
				B	SW wall spalled at end, OK now.	
				B	NE wall has minor spalling and construction joint cracking, OK now.	
				B	NW wall spalled over 30% of wall near the abutment, 2" deep, OK now, repair, B.	
GIRDERS, TRUSSES	Sole Plates, Anchor Bolts		28	B	Some corrosion. Anchor bolts OK.	
	Upper Flanges		29	A		
	Lower Flanges		30	A	Minor corrosion at bearings. Has been hit, minor scrapes, OK.	
	Cover Plates, Top	(x) Bot (x)	31	A		
	Webs, Splices		34	A		
	End, Intermediate Stiffs		35	A		
	Top Lateral System		36	A		
	Bottom Lateral System		37	A		
	Cross, Sway Frames		38	A		

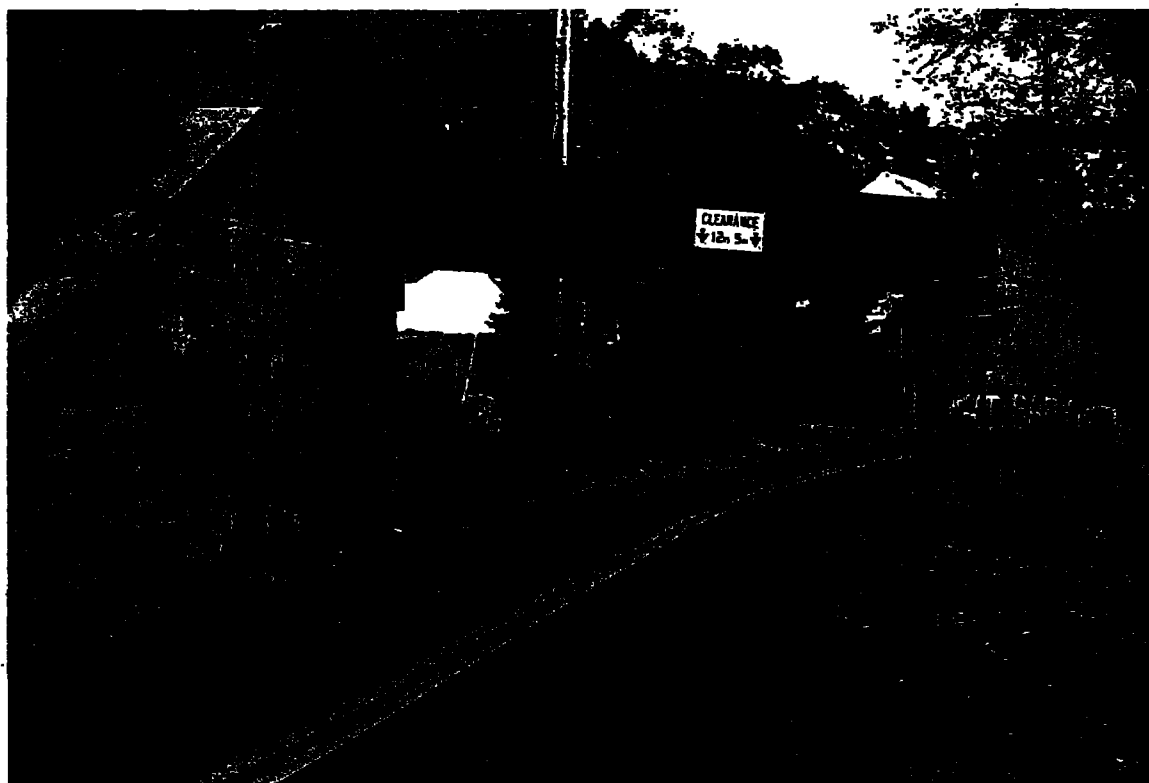
Remarks Clearance posted 12'-5". Signs OK.

DATE INSPECTED 10/5/2002

INSPECTOR (S) L G Perkins Jr.

EAST PENN RAILWAY
COLEBROOKDALE BRANCH

BRIDGE 6.98
FARMINGTON AVENUE



Looking west.



Looking north.

**TEC ASSOCIATES CONSULTING ENGINEERS**

46 Sawyer Street

South Portland, Maine 04106

STEEL BRIDGE INSPECTION REPORT

		IDENTIFICATION				CLASSIFICATION	
RAILROAD	East Penn Railway	BRIDGE NO.	7.30	SPAN	1	A - GOOD	
DIVISION	Colebrookdale	CROSSING	Ironstone Creek			B - PREVENTATIVE MTC.	
TOWN	Boyerstown	TYPE	Thru Riveted Truss, Open Deck			C - 1-2-3-4-5 PRIORITY	
COUNTY	Berks	LENGTH	149' - 10"	NO. TRKS.	1	D - SLOW ORDER	
STATE	Pennsylvania	ALIGNMENT - TANGENT	(x)	CURVE/DEG		HOW INSPECTED	
MILEPOST	7.30	ENDS (Square)	YR BLT.	SPEED		VISUAL (x)	UNDER LOAD
OWNER						INSPECT. TRUCK	DIVING
ITEMS INSPECTED		LN	CLASS	REMARKS			
GENERAL	Drainage Opening	1	A				
	Slopes, Rip Rap	3	A				
	General Cleanliness	4	B	Bearings, stringer and floorbeam flanges, and bottom chord angles dirty.			
	Utilities Type	5	A	Fiber optics on bottom chord attached with clamps.			
	Paint, Type Date	6	B	Poor.			
	Walkways, LS RS Railing	27		None.			
TRACK	Approach, Surface, Alignment	7	B	Approaches slightly low, OK. One poor track tie north, two poor south. 56 1/4" gauge south 56 5/8" gauge north			
	Bridge, Surface, Alignment	9	A	56 3/4" gauge north, 56 5/8" south.			
	Ballast	10	B	Slack shoulder southeast and southwest. Need 3 CY.			
	Ties Date Installed	11	B	33 poor of (93) 10"x 12"x 12'.			
			C3	South parapet tie top broomed badly, replace, C3. 11" x 12" x 11'			
	Tie Spacer Timber (x) Strap (x)	12	C3	One piece of strap is missing SE, 16' long, replace, C3. 15' of strap is OK.			
			B	Rest is timber, softening some but OK now.			
	Guard Rail Wt	13	B	Two sets of joint bars missing at south end, need more spikes.			
FOUNDATION	Deck Anchors	14		None.			
	Rail, CWR JT (x) WT (100#)	15	A				
	Abutmts, Bridge Seats Stone (x) Conc (x)	17	B	North abut has top 2' concrete with some spalling at edges, OK now.			
				Lower part stone, OK, pointing OK.			
			A	South abut concrete (1925) Some spalling on coping, OK.			
FLOOR SYSTEM	Backwall Stone Conc (x)	18	A				
	Wingwall Stone (x) Conc (x)	19	A	Concrete top, some spalling, OK. Stones A.			
			A	South walls have some spalling on coping, OK			
	Floor Beam Connections	20	A	Minor corrosion at bottom.			
	Floor Beam Flange Angles, Webs	21	B	Some corrosion on bottom flanges and few other areas. Dirty bot flanges, OK.			
GIRDERS, TRUSSES	Stringer Connections	22	A				
	Stringer Flanges, Webs	23	B	Minor corrosion on bottom flanges inside and out on east, inside on west, OK now.			
	Stringer Lateral System	24	A	Some corrosion at gussets, OK.			
	Sole Plates, Anchor Bolts	28	B	Expansion at south end. Slotted holes. Anchor bolts and nuts corroded but OK now.			
				North end anchor bolts corroded some, some corr at bearing, OK now.			
	Upper Chords	29	A				
	Lower Chords	30	B	Top two angles corroded some at connections. Very dirty with some corrosion all along in panels 3, 4 and 5 where there is a continuous horizontal web plate which holds dirt and water, few drain holes. OK now, Clean, cut more holes, paint. B.			
				Panels 1, 2, 6 and 7 have lattice bars, OK.			
GIRDERS, TRUSSES							
	Diagonal, Counters	32	A	Minor corrosion adjacent to some connection plates.			
	Hangers, Posts	33	A	Minor corrosion adjacent to some connection plates.			
	Top Lateral System	36	A				
	Bottom Lateral System	37	B	Some corrosion at gussets and some brace ends, OK.			
Portals	39	A	Minor corrosion.				

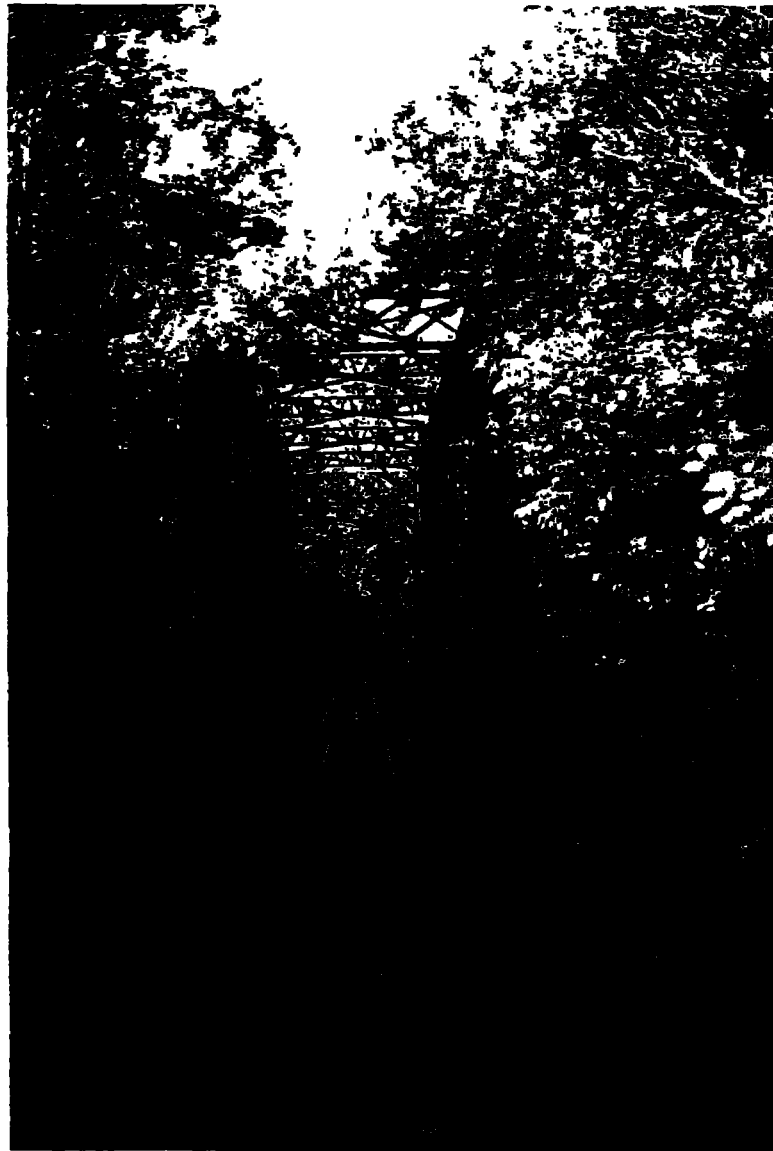
Remarks

DATE INSPECTED 10/5/2002

INSPECTOR (S) L G Perkins Jr.

EAST PENN RAILWAY
COLEBROOKDALE BRANCH

BRIDGE 7.30
IRONSTONE CREEK



Looking south.

EAST PENN RAILWAY
COLEBROOKDALE BRANCH

BRIDGE 7.30
IRONSTONE CREEK



Looking east.



TEC ASSOCIATES CONSULTING ENGINEERS
 48 Sawyer Street
 South Portland, Maine 04106

TIMBER BRIDGE INSPECTION REPORT

		IDENTIFICATION				CLASSIFICATION	
RAILROAD	East Penn Railway	BRIDGE NO.	7.37	SPAN	1 - 2	A - GOOD	
DIVISION	Colebrookdale Branch	CROSSING	Mill Road			B - PREVENTATIVE MTC.	
TOWN	Boyerstown	TYPE	Timber Post Trestle, Open Deck			C - 1-2-3-4-5 PRIORITY	
COUNTY	Berks	LENGTH				D - SLOW ORDER	
STATE	Pennsylvania	ALIGNMENT - TANGENT	(x)	CURVE/DEG		HOW INSPECTED	
MILEPOST	7.37	ENDS	(Skewed)	YR BLT.		VISUAL	(x) UNDER LOAD
OWNER				SPEED		INSPECT. TRUCK	DIVING
ITEMS INSPECTED		LN	CLASS	REMARKS			
GENERAL	Drainage	1	A				
	Slopes, Rip Rap	3	A				
	General Cleanliness	4	B	Seats dirty, some trees growing, remove			
	Utilities Type	5	A	Fiber optics on west side.			
	Walkways, LS RS (x) Railing	27	B	No mid rail, top rail is OK. Few loose plank ends in deck, respike.			
TRACK	Approach, Surface, Alignment	7	B	Two poor track ties. South approach somewhat low, ties 1/2" slack, tamp			
	Rail Anchors			None			
	Bridge, Surface, Alignment	9	B	56 5/8" gauge. North end approx 1" to west, OK.			
	Ballast	10	A				
	Ties Date Installed	11	B	6 poor of (17) 8"x 10"x 10' and 8x 10x 14'. Split and rotted, OK now.			
	Tie Spacer Timber Strap (x)	12	A				
	Guard Rail	13		None			
	Deck Anchors	14	A	Pin in every third tie.			
	Rail, CWR JT (x) WT (100#)	15	A				
	Piers Stone (x) Conc (x)	16	A	Bent 1 sits on a stone pier, pointing OK			
FOUNDATION			A	Bent 2 sits on a concrete pier, OK			
	Abutmnts, Bridge Seats Stone Conc (x)	17	A				
	Backwall Stone Conc		B	South wall timber softening some, OK.			
	Wingwall Stone Conc		B	SW wall is timber against fence posts, OK now, B.			
			A	SE is steel piling with timber lagging, OK Top timber rotted some, OK.			
DECK	Stringers, No./size per rail- (2) 16"x 16"	23	A	Tops have minor softening, OK now.			
	Corbels		B	Both spans			
	Wall Plates		B	South wall plate is split, but OK now.			
BENTS - TOWERS	No. Piles - Posts - 4	41	C5	Bent 1: Post #2 has some heart rot and softening some, 85% effective, replace, C5. Post #3 is softening some, OK now, B. Others OK. Posts charred some.			
			A	Bent 2: OK			
	Transverse Bracing	42	A	Bent 1 on both sides. Bent 2 on the south side.			
	Longitudinal Bracing	43		None			
	Caps Timber - (x) Concrete -	44	B	Bent 1: minor softening, charred some OK now.			
			A	Bent 2.			
	Stls	45	B	Bent 1: minor softening, OK now.			
			A	Bent 2.			

Remarks

DATE INSPECTED 10/5/2002

INSPECTOR (S) L G Perkins Jr.

**TEC ASSOCIATES CONSULTING ENGINEERS**46 Sawyer Street
South Portland, Maine 04106**STEEL BRIDGE INSPECTION REPORT**

IDENTIFICATION		CLASSIFICATION	
RAILROAD	East Penn Railway	BRIDGE NO.	7.37 SPAN 3
DIVISION	Colebrookdale Branch	CROSSING	Mill Road Underpass
TOWN	Boyetown	TYPE	Deck Plate Girder, Open Deck
COUNTY	Berks	LENGTH	56' - 5" NO. TRKS. 1
STATE	Pennsylvania	ALIGNMENT - TANGENT (x)	CURVE/DEG
MILEPOST	7.37	ENDS (Skewed)	YR BLT. SPEED
OWNER			
ITEMS INSPECTED		LN	CLASS
REMARKS			
GENERAL			
Drainage		1	A
Slopes, Rip Rap		3	A
General Cleanliness		4	B
Utilities Type		5	A
Paint, Type	Date	6	B
Walkways, LS	RS (x) Railing (x)	27	B
TRACK			
Bridge, Surface, Alignment		8	B
Ties	Date installed	11	B
Tie Spacer	Timber Strap (x)	12	A
Guard Rail		13	
Deck Anchors	Hooks Clips	14	A
Rail, CWR	JT (x) WT (100#)	15	A
FOUNDATION			
Foundation, Piers	Stone (x) Conc	16	B
GIRDERS, TRUSSES			
Sole Plates, Anchor Bolts		28	A
Upper Flanges		29	A
Lower Flanges		30	B
Cover Plates, Top (x)	Bot (x)	31	B
Webbs, Splices		34	A
End, Intermediate Stiffs		35	B
Top Lateral System		36	B
Bottom Lateral System		37	A
Cross, Sway Frames		38	B
BENTS / TOWERS			
No. Piles-	Posts- 6	41	
		B	
		A	
		B	
		B	
		B	
		A	
Transverse Bracing		42	B
		A	
		B	
Longitudinal Bracing		43	
Caps	Timber (x)	44	B
		A	
		B	
		A	
Sills		45	A
		C2	

Remarks Clearance posted 10'-3", actual 10'-8".

DATE INSPECTED 10/5/2002

INSPECTOR (S) L G Perkins Jr.

**TEC ASSOCIATES CONSULTING ENGINEERS**

46 Sawyer Street

South Portland, Maine 04106

TIMBER BRIDGE INSPECTION REPORT

IDENTIFICATION		CLASSIFICATION	
RAILROAD	East Penn Railway	BRIDGE NO.	7.37 SPAN 4 - 5
DIVISION	Colebrookdale Branch	CROSSING	Mill Road Underpass
TOWN	Boyerstown	TYPE	Timber Post Trestle, Open Deck
COUNTY	Berks	LENGTH	58' - 5" total NO. TRKS. 1
STATE	Pennsylvania	ALIGNMENT - TANGENT (x)	CURVE/DEG
MILEPOST	7.37	ENDS (Skewed)	YR BLT. SPEED
OWNER			
ITEMS INSPECTED		LN	CLASS
Drainage		1	A
Slopes, Rip Rap		3	A
General Cleanliness		4	B
Utilities Type		5	A
Walkways, LS RS (x) Railing (x)		27	C4
Approach, Surface, Alignment		7	A
Bridge, Surface, Alignment		9	A
Ballast		10	A
Ties Date Installed		11	B
Tie Spacer Timber Strap (x)		12	A
Deck Anchors Hooks Clips		14	A
Rail, CWR JT (x) WT (100#)		15	A
Piers Stone (x) Conc		16	A
Abutments, Bridge Seats Stone Conc (x)		17	A
Backwall		18	B
Wingwall		19	A
Stringers, No./size per rail-		23	A
(2) 16" x 16"			C3
Corbels			B
			A
No. Piles - Posts - 4		41	A
			B
Transverse Bracing		42	A
Longitudinal Bracing		43	None
Caps Timber - (x) Concrete -		44	A
			B
Sills		45	B
			A

Remarks

DATE INSPECTED 10/5/2002

INSPECTOR (S) L G Perkins Jr.



STEEL BRIDGE INSPECTION REPORT

IDENTIFICATION		CLASSIFICATION	
RAILROAD	East Penn Railway	BRIDGE NO.	8.31
DIVISION	Colebrookdale Branch	SPAN	1
TOWN	Boyerstown	CROSSING	Fourth Street
COUNTY	Berks	TYPE	Thru Plate Girder, Open Deck
STATE	Pennsylvania	LENGTH	NO. TRKS. 1
MILEPOST	8.31	ALIGNMENT - TANGENT	CURVE DEG (x)
OWNER		ENDS (Square)	YR BLT. SPEED
ITEMS INSPECTED		LN	CLASS
Drainage		1	A
Slopes, Rip Rap		3	A
General Cleanliness		4	B
Utilities Type		5	A
Paint, Type Date		6	B
Walkways, LS RS Railing		27	None
Approach, Surface, Alignment		7	A
Bridge, Surface, Alignment		9	A
Ballast		10	B
Ties Date Installed		11	A
Tie Spacer Timber Strap (x)		12	A
Guard Rail		13	None
Deck Anchors		14	None
Rail, CWR JT (x) WT 85		15	B
Abutments, Bridge Seats Stone Conc (x)		17	B
Backwall Stone Conc (x)		18	B
Wingwall Stone Conc (x)		19	B
Sole Plates, Anchor Bolts		28	B
Upper Flanges		29	A
Lower Flanges		30	A
Cover Plates, Top (x) Bot (x)		31	A
Webs, Splices		34	B
End, Intermediate Stiffs		35	B
Bottom Lateral System		37	A
Cross, Sway Frames		38	A

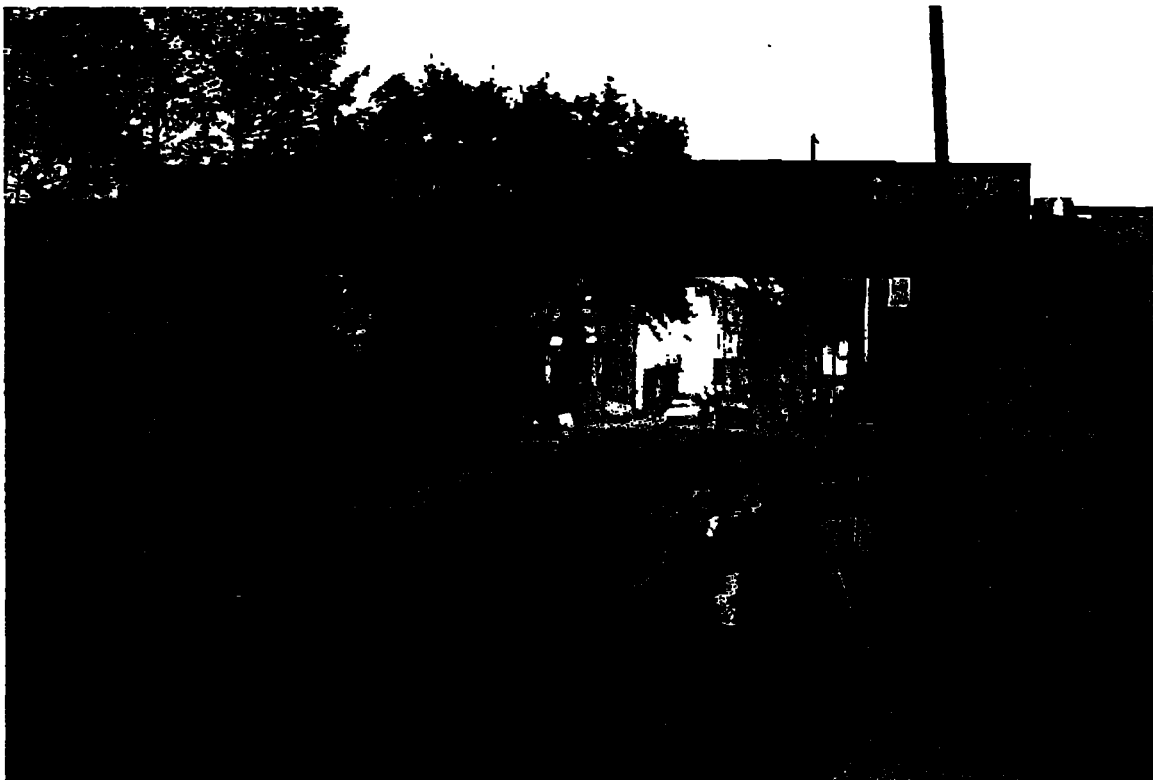
Remarks Clearance not posted. Actual measure 15'-6".

DATE INSPECTED 10/5/2002

INSPECTOR (S) L G Perkins Jr.

EAST PENN RAILWAY
COLEBROOKDALE BRANCH

BRIDGE 8.31
FOURTH STREET



Looking west.



Looking south.

EXHIBIT SCOTT-8



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF REVENUE
BUREAU OF INDIVIDUAL TAXES
DEPT. 280603
HARRISBURG, PA 17128-0603

#50733

REALTY TRANSFER TAX STATEMENT OF VALUE

See Reverse for Instructions

RECORDER'S USE ONLY

State Tax Paid

-0-

Book Number

Page Number

Date Recorded

7/10/2003

Complete each section and file in duplicate with Recorder of Deeds when (1) the full value/consideration is not set forth in the deed, (2) when the deed is without consideration, or by gift, or (3) a tax exemption is claimed. A Statement of Value is not required if the transfer is wholly exempt from tax based on: (1) family relationship or (2) public utility easement. If more space is needed, attach additional sheet(s).

A CORRESPONDENT - All inquiries may be directed to the following person:

Name JOHN C NOLAN Telephone Number: _____
Area Code 215, 757-4002
Street Address 1973 Wellington Dr. City Langhorne State PA Zip Code 19047

B TRANSFER DATA

Grantor(s)/Lessor(s) County of Berks Date of Acceptance of Document _____
Grantee(s)/Lessee(s) Penn Eastern RAIL Lines Inc
Street Address 633 Court St. Street Address 1973 Wellington Dr.
City Reading State PA Zip Code 19601 City Langhorne State PA Zip Code 19047

C PROPERTY LOCATION

Street Address USR- Line #909 (RAILROAD) City, Township, Borough Colebrookdale Twp Douglass Twp
County Berks/montgomery School District Boyertown Tax Parcel Number N/A
Boyertown Boro

D VALUATION DATA

1. Actual Cash Consideration <u>\$177,000</u>	2. Other Consideration <u>+</u> <u>0</u>	3. Total Consideration <u>=</u> <u>177,000 *</u>
4. County Assessed Value <u>N/A</u>	5. Common Level Ratio Factor <u>x</u> <u>N/A</u>	6. Fair Market Value <u>=</u> <u>N/A</u>

E EXEMPTION DATA

1a. Amount of Exemption Claimed 0 1b. Percentage of Interest Conveyed 100% *80% = 141,600 to Berks Co.

2. Check Appropriate Box Below for Exemption Claimed

- ☐ Will or intestate succession _____ (Name of Decedent) _____ (Estate File Number)
- ☐ Transfer to Industrial Development Agency.
- ☐ Transfer to a trust. (Attach complete copy of trust agreement identifying all beneficiaries.)
- ☐ Transfer between principal and agent. (Attach complete copy of agency/straw party agreement.)
- ☐ Transfers to the Commonwealth, the United States and instrumentalities by gift, dedication, condemnation or in lieu of condemnation. (If condemnation or in lieu of condemnation, attach copy of resolution.)
- ☐ Transfer from mortgagor to a holder of a mortgage in default. Mortgage Book Number _____, Page Number _____
- ☐ Corrective or confirmatory deed. (Attach complete copy of the prior deed being corrected or confirmed.)
- ☐ Statutory corporate consolidation, merger or division. (Attach copy of articles.)

☒ Other (Please explain exemption claimed, if other than listed above.) 70% Douglas^{Twp}, Colebrookdale Tw
20% Boyertown Boro. 10%
State Tax paid in Montgomery Co. 80% Berks 20% Montgomery

Under penalties of law, I declare that I have examined this Statement, including accompanying information, and to the best of my knowledge and belief, it is true, correct and complete.

Signature of Correspondent or Responsible Party John C Nolan Date 7/10/03
AFFIDAVIT

FAILURE TO COMPLETE THIS FORM PROPERLY OR ATTACH APPLICABLE DOCUMENTATION MAY RESULT IN THE RECORDER'S REFUSAL TO RECORD THE DEED.

14.00
14.00
10.00
2.00
3.00
10.00

QUIT CLAIM DEED.

Made this 3rd day of July, 2003, between the COUNTY OF BERKS, hereinafter called the GRANTOR, and PENN EASTERN RAIL LINES, INC., with offices at 1973 Wellington Drive, Suite 1, Langhorne, Pennsylvania, 19047, hereinafter called GRANTEE.

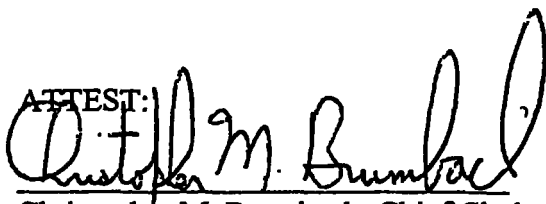
WITNESSETH, That in consideration of the sum of One Hundred Seventy-Seven Thousand Dollars (\$177,000.00) in hand paid, the receipt whereof is hereby acknowledged, the said GRANTOR does hereby release and quitclaim to the said GRANTEE the said premises designated by hatching on the map attached hereto and made a part hereof, determined by the GRANTOR, in accordance with Section 7(1)(3) of the Rail Freight Preservation and Improvement Act, to be appropriate for sale for non-continued rail use.

BEING the premises heretofore

Known as USR Line Number 909, the Colebrookdale Industrial Track, conveyed by the Pennsylvania Department of Transportation to the County of Berks by Agreement No. 82001 dated June 8, 2001 and the plan of the general location recorded in Deed Book 3368, page 1828 through 1831 in the Recorder of Deeds Office, Berks County, and Deed Book 5368, Pages 1789 through 1792 in the Recorder of Deeds Office, Montgomery County. USRA Line Number 909 is the same property which is the subject of the Agreement of Sale Number PC-1425-03 dated July 3, 2003 between GRANTOR and GRANTEE.

IN WITNESS WHEREOF, said GRANTOR has hereunto set its hand and seal, the day and year first above written.

ATTEST:


Christopher M. Brumbach, Chief Clerk

COUNTY OF BERKS


Timothy A. Reiver, Chairman
Berks County Board of Commissioners

64001777994(N)

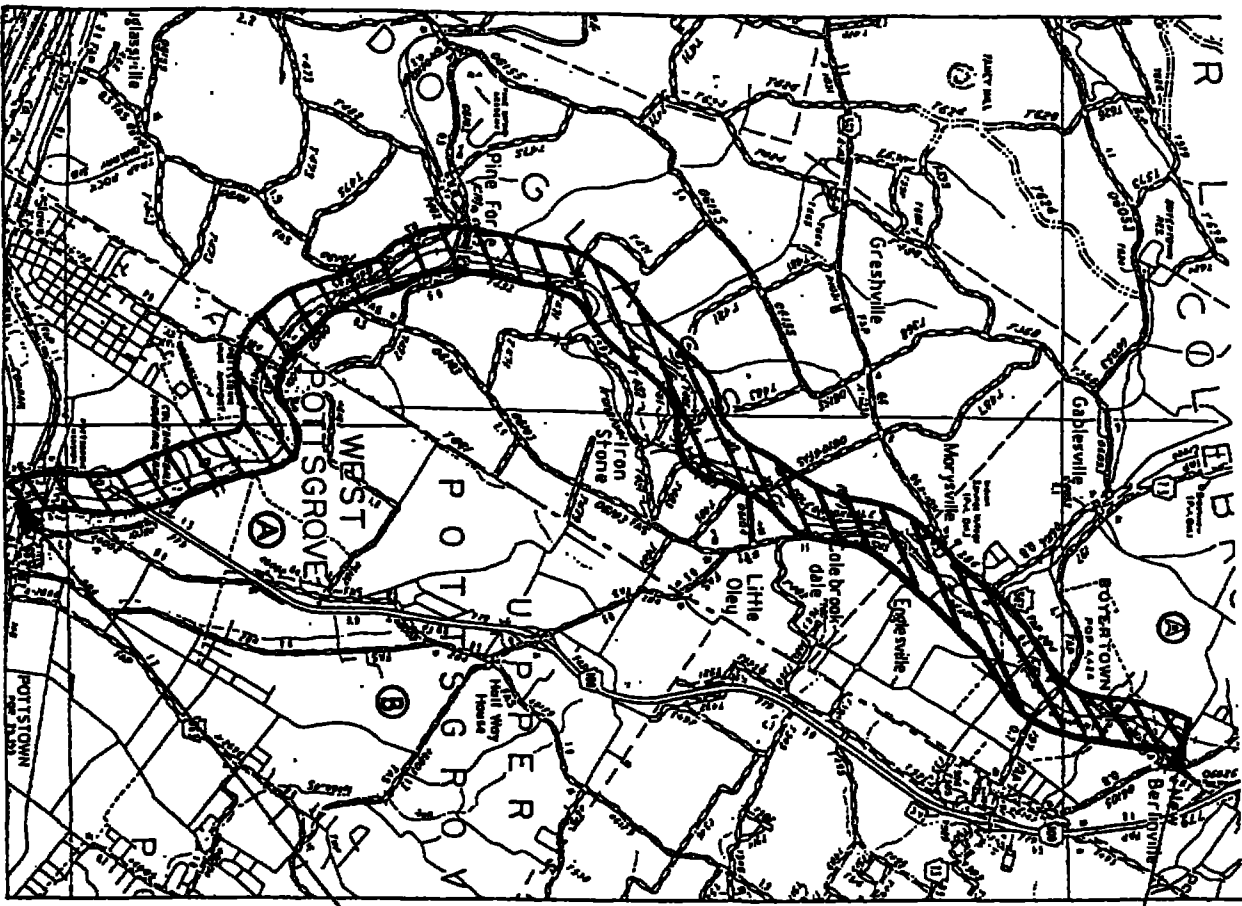
160011407997(N)

REGISTERED

08 54 63 PG 1675

AFFIDAVIT SUBMITTED

LOCATION MAP



POOR ORIGINAL

Total value: \$177,000.00
 80% Berks County 141,600
 20% Montgomery Co 35,400
 80% Pottstown 28,320.00
 20% West Pottsgrove 7,080.00

END ACQUISITION

John C. Nolan
 Resident
 7/9/63

M.P. 8.60
 COLEBROOKDALE TOWNSHIP
 BERKS COUNTY

<i>Pottstown Berks</i>	
REALTY TRANS TAX PAID	
STATE	1770.00
LOCAL	28320

BEGIN ACQUISITION

M.P. 0.00
 POTTS GROVE TOWNSHIP
 MONTGOMERY COUNTY

<i>Pottsgrove 1/11/63</i>	
REALTY TRANS TAX PAID	
STATE	
LOCAL	70,800

This Estate to be acquired by the Commonwealth Encroachment on all Rights
 Title and Interest in the above Condemned.

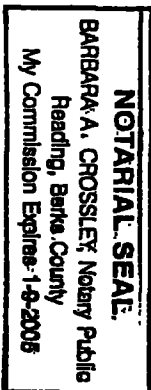
COMMONWEALTH OF PENNSYLVANIA

: SS

COUNTY OF BERKS

On this 3rd day of July, 2003, before me, the undersigned officer, personally appeared Timothy A. Reiver, who acknowledged himself to be the Chairman of the Berks County Board of Commissioners and that he as such Chairman of the Berks County Board of Commissioners, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the County by himself as Chairman..

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Barbara A. Crossley
Notary Public
My Commission Expires: _____

I certify that upon recording, the within instrument should be mailed to GRANTEE at:
1973 Wellington Drive, Suite 1, Langhorne, Pennsylvania, 19047



Margaine Dykshaus

13785
#13789
W.POTTSGROVE TWP
POTTSTOWN BORO
STATE STAMP
TOTAL
CHECK
CHANGE
ITEM 3
07-09-03 WED #1
CASH-11:2977 14:30TM

70.00	283.20
1770.00	2124.00
2124.00	0.00

005463PG1677

EXHIBIT SCOTT-9



Eric Bickleman
<ejbickleman@msn.com>
08/21/2008 03:06 AM

To <mscott@countyofberks.com>
cc gnathani <gnathani@temple.edu>
bcc

Subject RE: Boyertown Rail Line

History: This message has been replied to.

Dear Mr. Scott,

I'd like to take this opportunity to introduce myself. I'm a life long resident of York County and have been involved in the business of railroading for about seventeen years now in various capacities including locomotive engineer and conductor, supervisory positions including a Class 1 railroad yardmaster and shortline general manager. I'm also a co-owner of a locomotive leasing company and, additionally, one of the founders of the Central Pennsylvania Rail Corporation which has begun providing a variety of services to the shortline rail industry right here in Pennsylvania.

I am generally familiar with the Boyertown rail line and its history of ownership and operation by several shortline entities since being cast off by Conrail. Most recently, I've followed the news reports concerning East Penn Railway's actions to begin abandonment proceedings.

I had, in fact, attempted to contact a representative of Drug Plastics by letter to express my interest in seeking a viable solution to preserve rail service over the line and to their facility, however, have received no response to date.

My friend and associate, Nathaniel Guest, recently contacted me and brought to my attention the fact that you as a county commissioner had an interest in preserving the line for local rail service. To that end, I would like to express my interest in working with Berks County in this matter.

I reviewed the abandonment exemption filed by East Penn with Surface Transportation Board and the Board's Notice to begin proceedings which was just issued yesterday. While I certainly recommend the services of an attorney experienced in STB related matters, I do have some working knowledge of rail abandonment procedures and the Offer of Financial Assistance process through serving as a research assistant to a consultant on an abandonment opposition case in another state. The Offer of Financial Assistance may be a suitable vehicle by which the County or another party could acquire the line and insure its continued existence as a valuable asset to the local economy.

Looking further ahead, assuming the continued existence of the rail line can be assured, I, along with my associates, may potentially have an interest in operating the line and developing it to its full potential. I'll look forward to discussing this matter further with you at your earliest convenience.

Regards,

Eric Bickleman

717-586-1144

> From: gnathani@temple.edu
> Subject: Re: Boyertown Rail Line
> To: ejbickleman@msn.com
> CC: mscott@countyofberks.com

EXHIBIT SCOTT-10

COUNTY OF BERKS MAPPING OFFICE

Room 302 Services Center Phone extension (478)3360

INTERDEPARTMENTAL MEMO

July 1, 2008

TO: Mark Scott

CC:

FROM: Bill Kochan

RE: Penn Eastern Rail Property

Attached is a copy of the map of Colebrookdale rail line, dated 8/15/2001.

Also attached is spreadsheet showing the non-residential (commercial, industrial, exempt, and utility) properties that adjoin the rail line.

Just let me know what else you need.

MAILING ADDRESS	LOCATION	MUNI	ACREAGE	CLASS	DEED	PLAN	LOT	ASSESSMENT
PO BOX 380 POTTSVILLE PA 17901	RTE 562	DOUGL	31.82	I	2059 1209			195000
PO BOX 380 POTTSVILLE PA 17901	750 RTE 562	COLEB	8.38	I	2059 1205			656800
2254 BIG RD GILBERTSVILLE PA 19525	44 S CHESTNUT ST	BOYER	0.36	C	2021 1773			253400
500 MAIN ST ROYERSFORD PA 19468	101 E PHILADELPHIA AV	BOYER	0.26	C	3553 1075			293100
GILBERTSVILLE PA 19525	FARMINGTON AV	COLEB	0.69	E	1416 0132			2251900
GILBERTSVILLE PA 19525	ELM ST	COLEB	1.99	E	1639 1029			1000
389 W PHILADELPHIA AVE BOYERTOWN PA 19512	2240 FARMINGTON AV	DOUGL	5.26	I	3566 0635	147 19	1	166500
PO BOX 77 BOYERTOWN PA 19512	230 R S READING AV	BOYER	0.95	C	4799 1177	0209 0032	3	4100
PO BOX 77 BOYERTOWN PA 19512	E 2ND ST	BOYER	2.02	I	4799 1169	0209 0032	1	8800
PO BOX 443 NEW BERLINVILLE PA 19545	LANDIS LN	COLEB	2.72	I	3000 0739		PREM H	13500
2061 YOUNG RD POTTSTOWN PA 19465	ENGLESVILLE RD	BOYER	3.51	I	4551 1898	0209 0032	RES	15300
PO BOX 581 BOYERTOWN PA 19512	50 CHESTNUT ST	BOYER	0.14	C	2923 0044			103000
R D 2 DOUGLASS DRIVE BOYERTOWN PA 19512	GRIST MILL RD	DOUGL	26.78	E	1818 0875	100 12	3	164700
PO BOX 279 FREDERICK PA 19435	10 E 2ND ST	BOYER	6.81	I	5157 2241	0209 0032	5	742200
0 100 N WASHINGTON ST BOYERTOWN PA 19512	101 N WASHINGTON ST	BOYER	0.11	C	0907 0523			33600
2285/2289 FARMINGTON AVE BOYERTOWN PA 19512	FARMINGDALE RD	DOUGL	21.19	C	5058 1754			349900
1006 TEMPLE RD POTTSTOWN PA 19465	120 E PHILADELPHIA AV	BOYER	0.12	C	4104 0694			25900
1006 TEMPLE RD POTTSTOWN PA 19465	120 E PHILADELPHIA AV	BOYER	0.17	C	4104 0694			191800
149 N WALNUT ST BOYERTOWN PA 19512	215 N CHESTNUT ST	BOYER	0.14	C	3527 1984	4 4	PT 20-25	47300
947 LAYFIELD RD PENNSBURG PA 18073	105 N WASHINGTON ST	BOYER	0.78	C	3999 0410			587900
424 NIAN TIC RD BARTO PA 19504	116 E PHILADELPHIA AV	BOYER	0.13	C	3349 1000			140000
PO BOX 1911 300 MADISON AV MORRISTOWN NJ 07962	S WARWICK ST	COLEB	0.62	UT	1435 0288			4000
PO BOX 1911 300 MADISON AV MORRISTOWN NJ 07962	134 N CHESTNUT ST	BOYER	0.39	UT	0673 0088			29500
PO BOX 329 BOYERTOWN PA 19512	RTE 562	DOUGL	10.87	I	2024 2085		PRPT 6 & 9	281600
PO BOX 357 PINE FORGE PA 19548	PINE FORGE RD	DOUGL	55.58	C	1277 0309			11700
45 KING FISHER DR BIRDSBORO PA 19508	242 S READING AV	BOYER	1.32	I	2851 0591			28000
45 KING FISHER DR BIRDSBORO PA 19508	ENGLESVILLE RD	COLEB	0.60	I	2517 0803			42400
45 KING FISHER DR BIRDSBORO PA 19508	300 R S READING AV	BOYER	0.88	I	2851 0591	0209 0032	6	79500
72 WILT RD BECHTELSTVILLE PA 19505	201 N WASHINGTON ST	BOYER	0.60	C	2740 0850			103100
REALTY 2117 E HIGH ST POTTSTOWN PA 19464	119 E PHILADELPHIA AV	BOYER	0.17	C	0756 0492, 0655-0622			69000
D A ZUBER 2117 E HIGH ST POTTSTOWN PA 19464	125 E PHILADELPHIA AV	BOYER	0.94	C	2673 0740			722800
MAN H 100 N CHESTNUT ST BOYERTOWN PA 19512	100 N CHESTNUT ST	BOYER	0.68	C	1682 0746			142900
1140 WELSH RD STE 250 NORTH WALES PA 19454	MANATAWNY DR	DOUGL	3.71	I	1345 0327			101200
1140 WELSH RD STE 250 NORTH WALES PA 19454	MANATAWNY DR	DOUGL	10.51	I	5368 0008			35900
100 S CHESTNUT ST BOYERTOWN PA 19512	100 S CHESTNUT ST	BOYER	0.15	C	1857 0426			120200
SIXTH & WASHINGTON ST BOYERTOWN PA 19512	229 N WASHINGTON ST	BOYER	21.32	I	2042 1634			910900
128 POPODICKON DR BOYERTOWN PA 19512	124 N CHESTNUT ST	BOYER	0.20	C	2495 0766			211300
PO BOX 3048 STOWE PA 19464	GROSSTOWN RD	DOUGL	46.73	C	1489 0058			107500

EXHIBIT B

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB DOCKET NO. AB-1020X

**EAST PENN RAILROAD, LLC
-ABANDONMENT EXEMPTION-
IN BERKS AND MONTGOMERY COUNTIES, PA**

VERIFIED STATEMENT OF GARY E. LANDRIO

INTRODUCTION

I am an Assistant Vice President with the engineering consulting firm TranSystems in its Warren, Pennsylvania office. I am a graduate of Clarkson University with a degree in Transportation Management and Engineering. During the past over 32 years I have set up over twenty shortline and regional railroads and have been responsible for the operations of four of these as a General Manager or similarly titled position. My responsibilities have regularly included feasibility analysis, evaluating of rail lines proposed for abandonment, and business planning for new operations. I was employed during 1984 and 1985 as the Rail Property Manager for the Pennsylvania Department of Transportation (PA-DOT), during which the Department owned the rail line in question and my responsibilities there included management of that property. I am currently the Secretary of the Transportation Research Board Committee on Branch and Local Operations and also sit on the Board of the American Shortline & Regional Railroad Association.

STATEMENT

The instant railroad abandonment petition filed by East Penn Railroad, LLC (ESPN) for the Colebrookdale Branch raises and does not answer certain issues, does not answer with sufficient backup material to verify their accuracy, or answers in a way that questions their basis. These are in several areas. First is revenue, second is cost of operation, and third is the net salvage value of the line.

REVENUE

While the current revenues are not questioned, there is a significant question as to whether business opportunities which would make the line viable were ever investigated. In my interview with Rod Martin of Martin Stone Quarries, Inc., he stated that he was never approached by the railroad to solicit his traffic. Martin has for many years been supplying Southern New Jersey with crushed stone. I first knew of the movement of this commodity in 1997 when this railroad line was operated by the Reading & Northern. The viability of this movement is enhanced by the existence of a reverse move of sand from the same area of Southern New Jersey back to the Reading/Boyertown region.

The stone movement of even half Martin's total annual volume of 500,000 tons by rail would create a rail flow of 250,000 tons or the equivalent of 2,500 carloads per year. Adding the reverse movement of approximately 80 to 100,000 tons of sand allows a backhaul which enables the total pricing for each movement to be lower. Although we have not had the opportunity to fully research the equipment, operational and marketing aspects of these moves yet, the critical mass of volume and limited origin/destination pairs is promising.

EXPENSES

ESPN has used system prorates on several items to claim the unprofitability of the railroad.

While prorates can be appropriate, they must have a basis which clearly mirrors the actual costs incurred. When in 2007 they show that only 89 revenue cars were handled, that fact determines the level of operations and maintenance needed.

First, from a transportation standpoint they claim two full days per week of train operations credited against this line. There is no way that a crew can justify taking eight hours on less than two cars movements per operating day over an almost nine mile long line. Having been both an engineer and a conductor I can talk from experience that it should take about 30 minutes at each end interchanging cars at Pottstown and spotting for the customer cars at Boyertown. If you consider the line's operating condition at Federal Railroad Administration (FRA) Class One Track Safety Standards, then the operating speed is ten miles per hour. On a nine mile long line the travel time should not exceed more than one hour in each direction. Thus the total train crew time should only be three hours each operating day. Their crew should be able to use their remaining time for another function or for operating another line that same day. Therefore the total annual hours that operations should be charged to this line are 312 (104 round trips times three hours per trip). Accordingly, I conclude that labor costs based on 312 hours per year at ESPN's \$19.13 per hour crew costs for a two man crew should run \$11,937.12. This would change the total Transportation cost to \$15,254.

Second, when a locomotive is only used roughly three or four hours twice a week for a total of only 312 hours per year, (52 times 2 trips per week times 3 hours per trip), a locomotive is not

suffering from the system average of wear and maintenance. Railroads primarily use locomotive hours and/or mileage to allocate maintenance costs. Most locomotives on shortlines are used every day for at least eight hours, the equivalent of over 2,080 hours per year. Therefore it would seem reasonable in this case to claim only about 15% of the system average of locomotive maintenance. This would change the equipment maintenance amount from \$11,433 to only \$1,714.95 for 2007.

Third, the administrative costs are broken out for two items: the actual electric expense of \$1,102 and the actual signal maintenance contractor expense of \$1,680. These numbers leave \$42,099 which is said to be allocated on a mileage basis over their entire system. That mileage according to the acquisition submission is 251.1 total system miles.¹ Based on these numbers the mileage is 3.4% of the total. Working backward their total system administrative expense for 2007 was \$1,238,205. Again certain of the costs that make up this "allocation" are best established on facts which closer reflect the actual incurring of that cost. A significant example would be insurance which is factored by total payroll and/or revenue calculations. Again with only 89 2007 carloads or 312 hours of actual crew time on line the allocation would be much smaller. If

¹ In Surface Transportation Board (STB) Finance Docket No. 35056, decided July 3, 2007, John C. Nolan, a noncarrier individual, Penn Eastern Rail Lines, Inc. and East Penn Railways Inc. jointly filed a verified notice of exemption to merge two existing rail carriers into one surviving rail corporation (ESPN) in order to simplify the corporate structure. ESPN will operate approximately 251.1 miles of railroad line which will be owned by ESPN. The rail lines include: Octoraro Line (25.6 miles), Wilmington & Northern Line (29 miles), Lancaster Northern (12.1 miles) Colebrookdale Line (8.6 miles), Manheim Line (1 mile), Kutztown Line (4.1 miles), Perkiomen Line (15.6 miles), Quakertown Line (10 miles), Chester Valley Line (2 miles), Bristol Terminal (1.7 miles), and North Philadelphia Contract Switching (5 miles). The STB decision stated that ESPN intended to consummate the transaction on or about July 27, 2007. ESPN will interchange freight with Norfolk Southern, CSX, and Brandywine Valley Railway.

the administrative costs were based on total system carloads of 8,100.² the 89 carloads amount to only 1.1% of the total. This would lower this allocation to \$13,620, (\$1,238,205 times 1.1%).

This change would in turn lower the total administrative costs to \$16,402.

Fourth, while we acknowledge that the STB allows a figure of \$6,500 per mile for track maintenance, we believe the reality based on the physical conditions observed is that little or no money has been spent since ESPN has taken over from the last operator.

In conclusion, the operating costs associated with this line appear to be in the range of \$19,099 dollars versus what the Petitioners say it would be \$80,330.

ASSET VALUE

ESPN has submitted a net salvage quotation by a known railroad salvage operator. What is most important is what is lacking from that quote. The Pennsylvania Public Utility Commission (PUC) has jurisdiction over all changes to highway crossings of railroads.³ The PUC requires

² Information about ESPN was furnished by its Office Manager, Diane Klein to the Railroad Retirement Board published in **Board Coverage Decision 08-08**. Ms. Klein further stated that ESPN provides common carrier freight service and expects to handle approximately 8,100 carloads of freight annually.

³ **§ 2702. Construction, relocation, suspension and abolition of crossings.**

A. General rule. No public utility, engaged in the transportation of passengers or property, shall, without prior order of the Commission, construct its facilities across the facilities of any other such public utility or across any highway at grade or above or below grade, or at the same or different levels; and no highway at grade or above or below grade, or at the same or different levels; and no highway, without like order, shall be so constructed across the facilities of any such public utility, and, without like order, no such crossing heretofore or hereafter constructed shall be altered, relocated, suspended or abolished.

B. Acquisition of property and regulation of crossing. The Commission is hereby vested with exclusive power to appropriate property for any such crossing, except as to such property as has been or may hereafter be condemned by the Department of Transportation for projects financed entirely by the Commonwealth and for Federal Aid Projects under section 1004 of the act of June 1, 1945 (P.L. 1242, No. 428), known as the "State Highway Law," in which case the provisions of that statute shall be in effect, and to determine and prescribe, by regulation or order, the points at which, and the manner in which, such crossing may be constructed, altered, relocated, suspended or

railroads operating in the Commonwealth of Pennsylvania to restore all grade crossings by removing the tracks upon abandonment⁴. The removing of crossings under the PA-DOT construction zone signage requirements will cost several thousand dollars per location. We note 6 highway grade crossings and estimate a cost of \$5,000 each to remove the rails and restore the highway. That would lower the net salvage value by \$30,000.

What is even more significant is that the PUC regularly looks at all bridges over and under the highways and requires that they also be restored to eliminate any safety and/or clearance problems caused by the existence of the railroad track and its embankment. This will be a significant cost to the net salvage return of this railroad. We have found at least six locations

abolished, and the manner and conditions in or under which such crossings shall be maintained, operated, and protected to effectuate the prevention of accidents and the promotion of the safety of the public. The Commission shall require every railroad the right-of-way of which crosses a public highway at grade to cut or otherwise control the growth of brush and weeds upon property owned by the railroad within 200 feet of such crossing on both sides and in both directions so as to insure proper visibility by motorists.

C. Mandatory relocation, alteration, or suspension. Upon its own motion or upon complaint, the Commission shall have exclusive power after hearing, upon notice to all parties in interest, including the owners of adjacent property, to order any such crossing heretofore or hereafter constructed to be relocated or altered, or to be suspended or abolished upon such reasonable terms and conditions as shall be prescribed by the Commission. In determining the plans and specifications for any such crossing, the Commission may lay out, establish, and open such new highways as, in its opinion, may be necessary to connect such crossing with an existing highway, or make such crossing more available to public use; and may abandon or vacate such highways or portions of highways as, in the opinion of the Commission, may be rendered unnecessary for public use by the construction, relocation, or abandonment of any such crossings. The Commission may order the work of construction, relocation, alteration, protection, suspension or abolition of any crossing aforesaid to be performed in whole or part by any public utility or municipal corporation concerned or by the Commonwealth or an established nonprofit organization with a recreational or conservation purpose.

⁴ **Responsibilities** (as listed on the PUC website:
http://www.puc.state.pa.us/transport/railsafe/railsafe_responsibilities.aspx)

1. The Division processes applications for changes to a highway railroad crossing. There are four types of applications; **abolition, alteration, suspension and construction.**

A. An application to **abolish** a crossing usually involves the removal of the rails and ties and the disposition of bridge structures. Said application is generally filed after the railroad company receives approval from the Surface Transportation Board to abandon rail service on the line.

where the railroad bridge causes the highway to be noncompliant either for safety in its width of travel lanes and shoulders or for clearances. We have taken a conceptual engineering view and determined that correcting these deficiencies will cost the railroad an average of \$75,000 per location or at least \$450,000. Assuming that we accept their track valuation at \$1,082,000 and we adjust that figure for these deficiencies, reduces the NLV to \$602,000.

The real estate valuation estimate is also in question. While I am not a certified real estate appraiser, I have bought and sold rail corridor land in many states including Pennsylvania. Having been over this line and looking at its relationship to adjacent parcels, I can speak from practical experience. This railroad corridor travels from Boyertown to Pottstown hugging the banks of winding creek valleys. The rail embankment is a ledge on steep sloping hillsides. This forested land is almost inaccessible except by traveling along the rail bed. These factors will seriously diminish the value of the railroad corridor real estate. It is my experience based on similar corridors that the property values will be discounted by between 50% and 75% due to these terrain factors. If factored at \$6,000 per acre, the value of the 60.8 acres claimed in fee would be only \$364,800, and that does not reflect the costs of timing and disposition. Adjusting for the 13 percent that ESPN used to account for selling costs would further lower this amount to \$317,376

The revised asset value consisting of both the changes to track salvage and real estate as stated above would produce a new total of \$919,376.

VALUATION OF ROAD PROPERTIES

A Working Capital	385 ⁵
B Income Tax Consequences	0
C Net Liquidation Value	919,376
Valuation of Property Before Holding Gain	919,761
Nominal Rate of return	14.98%
Total Return of Value – Opportunity Cost:	\$137,723
SUBSIDY:	
A Forecast Year Avoidable (Loss) or Profit from Operations	(\$19,099)
B Estimated Rehabilitation	\$0
C Total Return on value – Opportunity Cost	(\$137,723)
Estimated Subsidy payment	(\$156,822)

CONCLUSIONS

Based on the discussion above and the continuing research into new customers and future viability, I am providing the following opinion within a reasonable degree of professional certainty. I feel that this line on a short term basis is simply not losing as much money as represented in the abandonment petition. The revenue that new traffic can bring is so significant that abandonment should not be even considered. It is not often that in just a preliminary assessment of a railroad that I can find such a significant existing traffic flow. I firmly believe that ESPN or another rail operator by working with this line's connection of Norfolk Southern and the shortline railroad connections to southern New Jersey can turn this rail line into a

⁵ On-branch Avoidable costs (\$19,099) less depreciation (\$3,139) and less Return on Value - locomotive (\$6,582) = \$9,378 divided by 365 and times 15 = \$385

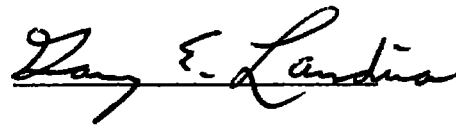
profitable operation with a solid future. Looking at the revised revenue projections and revised cost figures this line can be profitable.

Gary E. Landrio
Assistant Vice President
TranSystems Corporation
P. O. Box 306
Warren, PA 16365

VERIFICATION

Pursuant to 28 U.S.C. 1746, I declare and verify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on: September 8, 2008.

A handwritten signature in cursive script, reading "Day E. Landina". The signature is written in black ink and is positioned above a horizontal line.

[signature]

EXHIBIT C

VERIFIED STATEMENT OF ROD MARTIN

I, ROD MARTIN, of full age, make the following Verified Statement:

1. I am the Vice President of Martin Stone Quarries, Inc., located at 1355 North Reading Avenue, Bechtelsville, PA 19505.
2. I make this verified statement based upon personal knowledge in support of the County's protest of the proposed abandonment of the Colebrookdale Branch by the East Penn Railroad ("ESPN").
3. Since 1953, Martin Stone Quarries has been providing quality aggregate and infield mix material to southeastern PA and surrounding states. Martin Stone Quarries has over 60 employees capable of producing in excess of 1.5 million tons of finished product every year. The aggregate mined from Martin Stone Quarries is a particularly hard form of granite called granite gneiss.
4. Martin Stone Quarries annually generates about 500 thousand tons of outbound product destined for customers in Southern New Jersey. This traffic currently moves entirely by truck, generating 25 thousand trips annually.

5. Certain local concrete plants (Rahn's Concrete, a tenant of Martin Stone Quarries and Berks Products of Gilbertsville) annually import 80 to 100 thousand tons of sand from New Jersey. This traffic also currently moves entirely by truck, generating 12 to 15 thousand trips annually.

6. Both inbound and outbound truck traffic moves primarily over Route 100, an arterial roadway which serves as a feeder to the Pottstown Expressway (Route 422), which in turn feeds into the Schuylkill Expressway (I-76) at the Valley Forge Interchange, the third busiest in the State, with a daily traffic volume of 55,000 vehicles. A recent study estimates the current traffic volume at this interchange is expected to increase 1.5 times by 2028.¹ These trucks then travel down the heavily congested Schuylkill Expressway, through Philadelphia, and across the Delaware River via the Walt Whitman Bridge to reach South Jersey.

7. Rising motor transport costs, particularly fuel costs present challenges which Martin Stone Quarries seeks to overcome by exploring fuel efficient, environmentally friendly rail service as an alternative to truck transportation.

¹ See www.naturpike.com/newsletters/december00/page07.htm, and www.sixlanewidening.com/FAQ.asp.

8. The proposed abandonment of the Colebrookdale Branch would deprive Martin Stone Quarry and other potential local customers of the rail alternative before that alternative has ever been explored.

9. To the best of my knowledge, information and belief, Martin Stone Quarries has never been approached by ESPN with any proposal to provide railroad service.

10. With suitable financial incentives, Martin Stone Quarries would be willing to commit to shifting 50% of its outbound product, primarily aggregate material destined for South Jersey from truck to rail, generating approximately 2,500 annual outbound carloads of product (a volume of 12.5 cars a day for 200 days or 40 weeks per year). Coupled with a potential back haul of 800-1,000 carloads of sand, this would eliminate 37 to 40 thousand annual truck trips from local roads, regional highways and the interstate highway system.

VERIFICATION

Pursuant to 28 U.S.C. 1746, I declare and verify under
penalty of perjury under the laws of the United States of
America that the foregoing is true and correct.

Executed on: September 9, 2008.



[signature]

EXHIBIT D

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB DOCKET NO. AB-1020X

EAST PENN RAILROAD, LLC
-- ABANDONMENT EXEMPTION --
IN BERKS AND MONTGOMERY COUNTIES, PA

RESPONSE OF EAST PENN RAILROAD, LLC
TO FIRST SET OF INTERROGATORIES
AND DOCUMENT PRODUCTION REQUESTS OF BERKS COUNTY

Karl Morell
Of Counsel
Ball Janik LLP
Suite 225
1455 F Street, N.W.
Washington, D.C. 20005
(202) 638-3307

Attorney for:
EAST PENN RAILROAD, LLC

Dated: September 2, 2008

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB DOCKET NO. AB-1020X

EAST PENN RAILROAD, LLC
-- ABANDONMENT EXEMPTION --
IN BERKS AND MONTGOMERY COUNTIES, PA

RESPONSE OF EAST PENN RAILROAD, LLC
TO FIRST SET OF INTERROGATORIES
AND DOCUMENT PRODUCTION REQUESTS OF BERKS COUNTY

East Penn Railroad, LLC ("ESPN") hereby responds to the First Set of Interrogatories and Document Production Requests of Berks County, PA ("County").

GENERAL RESPONSES

1. ESPN's responses herein are made pursuant to information reasonably available to ESPN through reasonable investigation to the date of these responses, and ESPN reserves the right to supplement its responses, if necessary, in accordance with the rules of the Surface Transportation Board ("Board").
2. Responses to interrogatories and document requests do not necessarily imply that they are relevant to this proceeding, and are not to be construed as waiving any applicable objection.

GENERAL OBJECTIONS

The following general objections are made with respect to all of the interrogatories and document requests. Any additional specific objections are stated at the beginning of the response to each interrogatory and document request.

1. ESPN objects to the interrogatories and document requests to the extent that they seek information subject to the attorney work product doctrine, the attorney-client privilege or any other legal privilege. All claims of privilege are expressly reserved, and any inadvertent production of privileged information is not intended as, and shall not be deemed or construed to be a waiver of, any applicable privilege or immunity from disclosure except where such waiver is expressly communicated in writing.

2. ESPN objects to the interrogatories and document requests to the extent that they seek information that is not directly relevant to this proceeding and to the extent that a response would impose an unreasonable burden on ESPN.

3. ESPN objects to the interrogatories and document requests to the extent that they seek readily available public documents or information, including but not limited to documents on public file at any government agency or court or that have appeared in newspapers or other public media.

4. ESPN objects to the interrogatories and document requests to the extent that they seek information that is as readily obtainable from the files of County.

5. ESPN objects to the interrogatories and document requests to the extent that they seek information relating to proprietary information, research or other confidential or commercially sensitive business information unless such disclosure is pursuant to, and County complies with, a protective order that will limit, among other things, the use of such information to the prosecution of this proceeding, and limit access of confidential information to designated persons

in compliance with the protective order.

6. ESPN objects to the interrogatories and document requests to the extent that they seek information that is confidential or commercially sensitive, including information subject to disclosure restrictions imposed by law, in other proceedings, or by contractual obligation to third parties, and that is of insufficient materiality to warrant production here even under a protective order.

7. ESPN objects to the interrogatories and document requests to the extent that they seek information in a form not maintained by ESPN in the regular course of business or not readily available in the form requested, on the ground that such information could only be developed, if at all, through unduly burdensome and oppressive special studies, which are not required and which ESPN objects to performing.

8. ESPN objects to the interrogatories and document requests to the extent that they seek information or documents for periods prior to August 27, 2007.

9. ESPN objects to the Instructions of County to the extent that they seek to impose requirements that exceed those of the Board's rules.

RESPONSES AND SPECIFIC OBJECTIONS

Subject to and without waiving the foregoing objections, each of which is incorporated by reference as if set forth in full in response to each of County's interrogatories and document requests, and the specific objections set forth below, ESPN responds to County's First Set of Interrogatories and Document Production Requests as follows:

INTERROGATORIES

Interrogatory No. 1. Set forth the name, job title and business address of all persons providing information you relied upon in responding to these interrogatories. For each person, set forth the information supplied or the interrogatory number(s) for which they supplied information.

Response: Robert C. Parker, President and Chief Executive Officer, 505 South Broad Street, Kennett Square, PA 19348 and Alfred M. Sauer, Vice President, 505 South Broad Street, Kennett Square, PA 19348. The information these individuals supplied is set forth in this Response.

Interrogatory No. 2. Set forth the name, job title and business address of all persons providing documents and electronic data in response to Berks County's document production request. For each person, identify the documents and electronic data supplied or the production request number(s) for which they supplied documents and electronic data.

Response: See Response to Interrogatory No. 1.

Interrogatory No. 3. Identify all persons consulted in connection with providing revenue and cost data.

Response: ESPN objects to this Interrogatory on grounds that it is ambiguous in that "revenue and cost data" is not defined.

Without waiving the foregoing objection, ESPN responds as follows:

With respect to the revenue and cost data set forth in the Petition, see Response to Interrogatory No. 1.

Interrogatory No. 4. Set forth the name, job title, business address and business telephone number of the representative(s) with whom you interacted at Drug Plastics, Cabot Corp and any other shipper or potential shipper, regarding service over the line at any time during the period after Regional Rail, LLC's acquisition of ESPN up until the present.

Response: ESPN objects to this Interrogatory on grounds that it is ambiguous in that the term "line" is undefined and subject to varying interpretations. The rail line being abandoned in this proceeding is defined as the "Line" in Definition G and ESPN owns and operates several other rail lines. ESPN further objects to this Interrogatory on grounds that it is irrelevant to the subject matter involved in this proceeding. In addition, ESPN objects on grounds that the information sought is commercially sensitive business information which ESPN is unwilling to

disclose absent an appropriate protective order from the Board. Since there are no active rail customers on the Line, all traffic solicited for the Line, by definition, was transload traffic which also could be handled by other nearby ESPN rail lines. ESPN is not going to divulge to its competitors its marketing strategy.

Interrogatory No. 5. Identify by name and title the person or persons who prepared the “workpapers” identified as WP1 through WP4 and attached to the Petition.

Response: See Response to Interrogatory No. 1.

Interrogatory No. 6. Identify by name and title the person or persons who prepared the calculations of carloadings, revenues, costs or expenses, avoidable costs, forecast year operations, revenues, avoidable costs, opportunity costs, and subsidy found at pages 5 through 17, inclusive, in the Petition.

Response: See Response to Interrogatory No. 1.

Interrogatory No. 7. What is the applicable Federal Railroad Administration track standard and maximum train operating speed for the Line?

Response: ESPN objects to this Interrogatory on grounds that it is irrelevant to the subject matter involved in this proceeding.

Without waiving the foregoing objection, ESPN responds as follows:

FRA Class 1, with a maximum speed of 10 miles per hour.

Interrogatory No. 8. During the time that Regional Rail, LLC, has owned the Line has it imposed any rate surcharges on the Line or traffic moving on the Line and, if so, what is the amount of the surcharge and the time period of its imposition?

Response: ESPN objects to this Interrogatory on grounds that it is irrelevant to the subject matter involved in this proceeding.

Without waiving the foregoing objection, ESPN responds as follows:

Regional Rail does not own the Line, Regional Rail owns the stock of ESPN. ESPN has not imposed any rate surcharge.

Interrogatory No. 9. What are the total railroad revenues and railroad operating expenses by year or fraction of year for each of the years that Regional Rail, LLC, has owned ESPN?

Response: ESPN objects to this Interrogatory on grounds that it is irrelevant to the

subject matter involved in this proceeding. Regional Rail acquired the stock of ESPN on August 27, 2007. Consequently, County seeks revenue and cost data for the time periods August 27 through December 31, 2007 and January 1, 2008 through today. These two time periods are totally meaningless and inconsistent with the Board's regulations governing abandonments. ESPN also objects to this interrogatory on grounds that it would require ESPN to engage in a burdensome special study, which ESPN is not required to perform.

Interrogatory No. 10. What is the total length in miles for each of the rail lines operated by ESPN and any affiliated companies owned by Regional Rail, LLC, during the time that the Petition was being prepared and filed with the Board?

Response: The total length of rail lines operated by ESPN is 120.1 miles. The Bristol line is 2.2 miles in length, the Octoraro/W&N lines are 54.6 miles in length, the Quakertown line is 15 miles in length, the Colebrookdale line is 8.6 miles in length, the Manheim line is 1.0 miles in length, the Kutztown line is 4.1 miles in length, the Chester Valley line is 1.9 miles in length, the Perkiomen line is 15.6 miles in length, the Lancaster Northern line is 12.1 miles in length, and the Northeast Philadelphia industrial track is 5.0 miles in length.

Interrogatory No. 11 (First). What are ESPN's total system-wide costs for the following items and what is ESPN's basis for allocating each of these system-wide costs to the Line:

- a. locomotive (maintenance of equipment) costs?

Response: See WP 2, attached to the Petition. ESPN allocated the system-wide costs on a per locomotive basis.

- b. wage costs and related benefits?

Response: Wage costs and benefits were derived from the average system-wide wage cost per hour and the average hourly cost of benefits per employee. The actual hourly wage cost per hour for the two individuals working on the Line is \$15.10, or almost identical to the system-wide average.

- c. locomotive fuel costs?

Response: See WP 2, attached to the Petition. ESPN allocated the system-wide costs on a per loaded rail car basis.

d. telephone expenses?

Response: \$23,080.62. The system-wide costs were allocated on a mileage basis.

e. insurance costs?

Response: \$86,908.73. The system-wide costs were allocated on a mileage basis.

f. office and general expenses?

Response: All other avoidable General and Administrative expenses totaled \$477,443.20. These expenses were prorated on a mileage basis.

Interrogatory No. 11 (Second). What other duties, if any, do the two members of the locomotive crew assigned to the Line perform on the Line or other ESPN lines other than those connected with operating a locomotive and a train (i.e., switching, coupling and uncoupling, flagging at crossings, etc.)?

Response: ESPN objects to this interrogatory as overbroad to the extent it seeks information about activities on other ESPN rail lines.

Without waiving the foregoing objection, ESPN responds as follows:

On the days these two individuals are assigned to the Line, they travel to and from the Line, perform certain maintenance functions on the Line and perform all needed transportation functions, including switching, coupling and uncoupling.

The crew goes on duty at Reinholds, PA, reviews paperwork, and prepares for day's activities (30 minutes to 45 minutes). The distance from Reinholds to Boyertown via auto is 37 miles (1 hour to 1.5 hours). The crew inspects the locomotive, performs smaller maintenance items on locomotive, and starts locomotive (1 hour). The crew makes up the train to depart for interchange at Pottstown (30 minutes). The crew operates the train from Boyertown to Pottstown (1-2 hours, longer if crew needs to remove downed trees or make spot repairs to track). The crew switches NS interchange and puts together northbound train (30 minutes to 45 minutes). The crew operates the train from Pottstown back to Boyertown (1-2 hours, longer if crew needs to remove downed trees or makes spot repairs to track). The crew spots cars for unloading on transloading track in Boyertown (30 minutes). The crew performs end of day inspection of locomotive, prepares paperwork, etc. (15 minutes). The crew returns by auto from Boyertown to

Reinholds (1 hour to 1.5 hours). The crew finalizes time sheets and switching paperwork, faxes paper work to Kennett Square office, and reviews day's activities with Kennett Square office (15 minutes to 30 minutes).

Interrogatory No. 12. How long does it take ESPN's train to traverse the Line in each direction including time to delivery or pick up cars at an industry track?

Response: ESPN objects to this interrogatory on grounds that it is irrelevant to the subject matter involved in this proceeding.

Without waiving the foregoing objection, ESPN responds as follows:

See Response to Interrogatory No. 11 (Second).

Interrogatory No. 13. How long does it take ESPN's train to switch cars at the NS interchange per trip?

Response: ESPN objects to this interrogatory on grounds that it is irrelevant to the subject matter involved in this proceeding.

Without waiving the foregoing objection, ESPN responds as follows:

See Response to Interrogatory No. 11 (Second).

Interrogatory No. 14. Identify by name the trucking companies that service the area proximate to the Line.

Response: ESPN objects to this interrogatory on grounds that it seeks readily available public information.

Without waiving the foregoing objection, ESPN responds as follows:

There are numerous trucking companies holding themselves out as serving the area where the Line is located. Some examples are attached.

Interrogatory No. 15. Provide a breakdown by source and amount of all nonoperating revenues generated by the Line and identified as "other income" at pages 7, 11, and 12 of the Petition.

Response: ESPN objects to this interrogatory on grounds a breakdown by source of revenue is commercially sensitive business information which ESPN is unwilling to disclose absent an appropriate protective order from the Board.

Without waiving the foregoing objection, ESPN responds as follows:

The sources of the other income for 2007 were Right Angle Media, NJB Partners, Curves, Country Home Realty, and Drug Plastics. The sources of other income in the Forecast Year were Right Angle Media and Drug Plastics.

Interrogatory No. 16. Identify any outstanding local, state, and federal loans or grants made for the purpose of acquiring, improving, or rehabilitating the Line.

Response: None.

Interrogatory No. 17. Will the abandonment of the Line cause or trigger the refund or repayment of any loan or grant identified in Interrogatory 16 above?

Response: No.

Interrogatory No. 18. Identify by parcel number or on a map those parcels constituting the railroad right of way not owned in fee by ESPN.

Response: The County is the former owner of the Line. ESPN, therefore, objects to this interrogatory on grounds that the County seeks information that is readily obtainable from the files of the County. ESPN further objects to this interrogatory on grounds that it seeks to have ESPN prepare a parcel by parcel map of the Line.

Without waiving the foregoing objection, ESPN responds as follows:

ESPN's determination that approximately 5 percent of the total acreage was not held in fee was based on a review of all of the deeds. In reviewing the deeds, ESPN identified one parcel that may not be fee although that determination is not certain. The parcel in question is located at Deed Book O-207, Page 466. This is a 7.54 acre parcel located between Mileposts 0.96 and 1.89, and acquired by ESPN's predecessor on March 14, 1873.

DOCUMENT REQUESTS

Document Request No. 1. Produce all documents and electronic data in your possession, custody, or control regarding marketing efforts to attract new customers to the Line or to develop additional traffic from the existing customers located on the Line.

Response: ESPN objects to this document request on grounds that it is irrelevant to the subject matter involved in this proceeding. ESPN also objects on grounds that the documents sought contain commercially sensitive business information which ESPN is unwilling to disclose absent an appropriate protective order from the Board. ESPN is not going to divulge to its competitors its marketing strategy.

Without waiving the foregoing objection, ESPN responds as follows:

There are no existing customers located on the Line. All traffic moving via the Line is by transload to and from customers located off of the Line.

Document Request No. 2. Produce all documents and electronic data in your possession, custody, or control relating to any surcharges, for fuel or otherwise, which you imposed on shippers on the Line during the time period that Regional Rail, LLC, has owned ESPN.

Response: ESPN objects to this document request on grounds that it is irrelevant to the subject matter involved in this proceeding. ESPN also objects on the grounds the document request is ambiguous in that there are no customers located on the Line.

Without waiving the foregoing objection, ESPN responds as follows:

ESPN does not possess any such documents.

Document Request No. 3. Produce all tariffs, rate circulars, and exempt rate quotations issued by ESPN and/or Regional Rail, LLC, for the time period that Regional Rail, LLC, has owned ESPN.

Response: ESPN objects to this document request on grounds that it is overbroad and covers rail lines not involved in this proceeding. ESPN further objects to this document request on grounds that the information sought is irrelevant to the subject matter of this proceeding.

Without waiving the foregoing objections, ESPN responds as follows:

Responsive documents are attached.

Document Request No. 4. Produce all balance sheets and profit and loss statements for ESPN and Regional Rail, LLC, for the financial periods beginning with the date that Regional Rail, LLC, acquired ESPN and ending with the most recent statement.

Response: ESPN objects on grounds that the information sought is commercially sensitive business information and is of insufficient materiality to warrant production even under a protective order.

Document Request No. 5. Produce copies of each of the seven salvage bids that ESPN received for scrapping the Line and referenced at page 16 of the Petition.

Response: ESPN objects to this document request on grounds that the information sought is commercially sensitive business information which ESPN is unwilling to disclose absent an appropriate protective order from the Board. ESPN also objects to this document request on grounds that the information sought, other than the winning bidder, is irrelevant to the subject matter of this proceeding.

Without waiving the foregoing objections, ESPN responds as follows:

A copy of the highest bid and the one selected by ESPN is attached.

Document Request No. 6. Produce a copy of the appraisal or other document(s) upon which ESPN relies for its claim found at pages 10 and 14 of the Petition that the SW-9000M locomotive utilized on the Line had an undepreciated value of \$47,079 on January 1, 2007, and an undepreciated value of \$43,940 on June 1, 2008.

Response: Responsive documents are attached.

Document Request No. 7. Produce a copy of the appraisal or other document(s) upon which ESPN relies at page 16 of its Petition documenting the value of the track materials comprising the Line at \$1,082,000 and the underlying real estate value at \$1,144,317.

Response: Responsive documents are attached.

A handwritten signature in black ink, appearing to read "Karl Morell", is written over a horizontal line.

Karl Morell
Of Counsel
Ball Janik LLP
Suite 225
1455 F Street, N.W.
Washington, D.C. 20005
(202) 638-3307

Attorney for:
EAST PENN RAILROAD, LLC

VERIFICATION

STATE OF PENNSYLVANIA

)

)

SS.

CHESTER COUNTY

)

I, Robert C. Parker, being duly sworn depose and state that I am President of East Penn Railroad, LLC, that I am authorized to make this verification, and that I have read the foregoing Response to First Set of Interrogatories and Document Production Requests and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information and belief.

Robert C. Park

Robert C. Parker

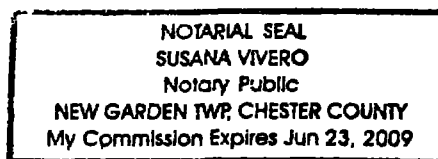
SUBSCRIBED AND SWORN TO before me this 21 day of August, 2008.

My Commission Expires: June 23, 2009

This 27 day of August, 2008

Serena Vetter

Notary Public



RESPONSE TO INTERROGATORY 14

POTTSTOWN



Category Business Name



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Pottstown PA | Truck Repair & Service

Previous Page Page 1 of 1 Next Page

Truck Repair & Service (Cont)	Truck Towing	Truck Washing & Cleaning	Trucking General
Schubert's Truck & Auto Repair 215-678-4625 Spring Service Station Inc 610-373-6773 Superior Automotive Towing 610-495-5181 Superior Diesel 610-327-1339 T & S Transmissions 610-948-1450 Trans Temp, Inc 610-986-8377 Valley Auto Group Service Dept 215-541-0980 I pays to advertise in the Online Yellow Pages it pays to advertise in the Online Yellow Pages it pays to advertise in the Online Yellow Pages	Therby Medium Duty Trucks Towing Trucks Berks Mont Towing & Recovery 610-369-8000 Crusher One Towing 610-698-6101 Heights Towing 610-323-4148 Hemmy's Body Shop 610-328-0595 Hemmy's Body Shop 610-328-0595 Klein David J, Inc 610-385-4888 Schadler's Towing 610-682-7422 Superior Automotive 610-782-4500 Wanderlich's Garage 610-485-6378	InterClean Truck Wash Equipment Motley Truck Wash Graham's Professional Powerwashing 610-831-2283 Trucking General Trucking General Freight Trucking General Abt Freight System Inc 610-242-3743 Agline Brothers Trucking 610-754-8022 Beers Robert C & Son, Inc 610-562-4110 Berlett Pro-Seal 610-488-3198	Bauman Rick Trucking 610-754-7435 Bent's Motor Express 610-613-6317 Berks Mont Towing & Recovery 610-369-8000 Berks-Mont Towing & Recovery 610-369-8000 Buchwalter Paul L & Sons Inc 610-582-3227 Chenail Rb, Inc 610-367-8300 Cable Paving & Excavating 610-367-0024 Cressone Trucking Co 610-887-6900 Erb Transport, Inc 610-268-2008 Fine Trucking Co 610-433-8738 F R R Trucking 610-385-3103 610-385-7383



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Pottstown PA, Trucking General

Previous Page Page 1 of 1 4 Next Page

Trucking General (Cont)

Trucking General (Cont)		Trucking General (Cont)		Trucking General (Cont)	
Faust Transports POTTSWOM, PA 610-645-3110	Lung Riders, Inc. POTTSWOM, PA 610-853-0234	Schultz Truck Service POTTSWOM, PA 610-484-0451	Lani Motor Transportation POTTSWOM, PA 610-385-9222		
Frederick Trucking MAP 2015 1000 E. 10th St. POTTSWOM, PA 610-682-6680	M & H Trucking POTTSWOM, PA 610-686-0511	Stearns Tire Center POTTSWOM, PA 610-480-4141	Ott's Lawn Service & Landscapes POTTSWOM, PA 610-645-7195		
Outlier R M, Inc. POTTSWOM, PA 610-369-2808	M C Hauling POTTSWOM, PA 610-495-1503	Stearns Tire Center POTTSWOM, PA 610-489-4141	Rhoads Jay POTTSWOM, PA 610-688-5484		
Haydt's Trucking & Garage MAP 2015 1000 E. 10th St. POTTSWOM, PA 610-645-7318	Mail, Fehr's Hauling POTTSWOM, PA 215-670-6162	Superior Automotive POTTSWOM, PA 610-782-4600	Three Rivers Brokerage POTTSWOM, PA 610-286-3740		
J J W Trucking MAP 2015 1000 E. 10th St. POTTSWOM, PA 610-635-3770	Mastbrook Trucking, Inc. POTTSWOM, PA 610-408-0111	U-Paul Company POTTSWOM, PA 610-473-7100	Trucks Industrial Large inventory of industrial truck		
Jones Motor Group, Inc. MAP 2015 1000 E. 10th St. POTTSWOM, PA 610-646-7800	Meadowbrook Trucking POTTSWOM, PA 610-682-1030	Warpach Trucking POTTSWOM, PA 610-887-0484	Industrial truck fleet for sale See listing 110		
K W Transportation Services MAP 2015 1000 E. 10th St. POTTSWOM, PA 610-325-1891	N & J Transportation, Inc. POTTSWOM, PA 610-783-6280	West Motor Freight, Inc. POTTSWOM, PA 610-367-2811	POTTSWOM and industrial truck		
Koppenhaver & Son Trucking POTTSWOM, PA 610-987-8012	Phonem John LLC POTTSWOM, PA 610-385-3051	Trucking Transportation Brokers			
Lemmy Trucking POTTSWOM, PA 610-286-6184	Pot POTTSWOM, PA 610-782-6520	Experienced Freight Broker POTTSWOM, PA 610-385-3051			
Lendis Express, Inc. MAP 2015 1000 E. 10th St. POTTSWOM, PA 610-318-3344	Rb Christel, Inc. POTTSWOM, PA 610-367-8390	Truck Broker Agent POTTSWOM, PA 610-385-3051			
Lendster Ugon POTTSWOM, PA 610-486-9813	Row Trucking POTTSWOM, PA 610-718-8555	Hoffman P Rodney POTTSWOM, PA 610-582-8385			
	Roadway Express, Inc. POTTSWOM, PA 610-326-8800				



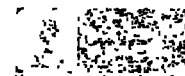
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Aut Freight Service Systems, Inc.
 610-738-3298

Able Constructors, Inc.
 610-468-7834

Agland Brothers Trucking
 610-754-8022

Allegheny Towing & Salvage Co.
 610-572-8014

American Edge Carriers, Inc.
 610-942-0838

Beer Robert C & Sons, Inc.
 610-582-4110

Beehore Barry, Inc.
 717-973-8688

Bauman Rick Trucking
 610-754-7435

Bell Trucking Co. Inc.
 610-562-5700

Bennett Motor Express
 610-813-8317

Below Pages work 24 Hours a Day

Berrie Mott Towing & Recovery
 610-369-8080

Billings Freight System, Inc.
 610-375-0750

Biosolid Disposal
 610-342-2107

Boranne Motor Freight Dispatch
 610-775-5161

Brandywine Carriers, Inc.
 610-342-2517

Bike Steve Excavating
 610-914-7748

Buck Transport
 610-562-3808

Buchwalter Paul L & Sons Excavating, Inc.
 610-562-3227

C J Martin Septic Services & Residential Excavating
 610-858-1854

Candyland Express
 610-828-9721

Carlos R Leffler, PC
 717-868-7244

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 610-926-5319

Carroll's Pumps & Trench
 610-693-8629

Central Pennsylvania Transportation, Inc.
 610-353-1033

Crabbe Paving & Excavating
 610-367-0024

Cressman Transportation, Inc.
 610-285-5456

Cressman Trucking Co.
 610-367-8910

D & H Transfer Co.
 610-796-8570


Danyl M Koch Trucking, Inc.
 610-421-1971

Dave's Trucking
 610-374-0121

Eberhart Trucking
 610-562-4482

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Reading PA | Trucking General

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Trucking General (Cont)

Empire Services
MAP 1000 Genoa St. Reading, PA 19601
810-372-8511

Erb Transport, Inc.
MAP 2000 North 1st St. Reading, PA 19601
810-288-2000

Extes Express Lines
MAP 1000 Genoa St. Reading, PA 19601
810-683-9835

F.R.R. Trucking
MAP 1000 Genoa St. Reading, PA 19601
810-385-3163

Farms Trucking, Inc. Streamside
MAP 1000 Genoa St. Reading, PA 19601
810-921-2087

Faxal Transports
MAP 1000 Genoa St. Reading, PA 19601
810-845-3110

First Choice Trucking
MAP 1000 Genoa St. Reading, PA 19601
810-944-8011

Fleabrook Transfer, Inc.
MAP 1000 Genoa St. Reading, PA 19601
810-944-7733

Fox J Trucking
MAP 1000 Genoa St. Reading, PA 19601
810-944-7733

Frucht Brothers, Inc.
MAP 1000 Genoa St. Reading, PA 19601
810-378-1081

Frederick Trucking
MAP 1000 Genoa St. Reading, PA 19601
810-582-8850

Furnace Stream Farm Excavating Ltd
MAP 1000 Genoa St. Reading, PA 19601
810-582-5886

Generation V
MAP 1000 Genoa St. Reading, PA 19601
810-877-0227

Gears Trucking
MAP 1000 Genoa St. Reading, PA 19601
810-820-8885

Gardner R M, Inc.
MAP 1000 Genoa St. Reading, PA 19601
810-369-2896

Haydis Trucking & Garage
MAP 1000 Genoa St. Reading, PA 19601
810-845-7319

Heather Hebert Wk. Inc. Trucking
MAP 1000 Genoa St. Reading, PA 19601
810-928-4128

Huber Dental Trucking
MAP 1000 Genoa St. Reading, PA 19601
810-445-8451

Huber Ivan
MAP 1000 Genoa St. Reading, PA 19601
810-445-8451

Huber's Dump Truck Service, Inc.
MAP 1000 Genoa St. Reading, PA 19601
810-445-8451

Industrial Express
MAP 1000 Genoa St. Reading, PA 19601
810-928-0878

Interstate System
MAP 1000 Genoa St. Reading, PA 19601
810-378-4791

Janis Hauls All
MAP 1000 Genoa St. Reading, PA 19601
810-683-0385

K & K Dispatch
MAP 1000 Genoa St. Reading, PA 19601
810-588-9778

K.L. Haring
MAP 1000 Genoa St. Reading, PA 19601
810-937-5982

Kessler Trucking
MAP 1000 Genoa St. Reading, PA 19601
810-273-9544

Keystone Trucking
MAP 1000 Genoa St. Reading, PA 19601
810-933-8338

Kimberly's Hauling & Demolition
MAP 1000 Genoa St. Reading, PA 19601
810-404-7289

Kinder Knop Specialized Hauling, Inc.
MAP 1000 Genoa St. Reading, PA 19601
810-582-0880

Kms International
MAP 1000 Genoa St. Reading, PA 19601
810-582-0880

Koppenhaver & Son Trucking
MAP 1000 Genoa St. Reading, PA 19601
810-967-8012

Kroftz Brothers Express
MAP 1000 Genoa St. Reading, PA 19601
810-582-0880

L & J Moving & Storage, Inc.
MAP 1000 Genoa St. Reading, PA 19601
810-821-2363

Lemmy Trucking
MAP 1000 Genoa St. Reading, PA 19601
810-288-8184

Landis Express, Inc.
MAP 1000 Genoa St. Reading, PA 19601
810-921-0181

Landis Transportation, Inc.
MAP 1000 Genoa St. Reading, PA 19601
810-921-1300

Liquid Dispatch
MAP 1000 Genoa St. Reading, PA 19601
810-942-9773

Mag Trucking Co.
MAP 1000 Genoa St. Reading, PA 19601
810-683-6719

Mann Miller Daniel R
MAP 1000 Genoa St. Reading, PA 19601
810-944-8218

Martin Landis C Trucking
MAP 1000 Genoa St. Reading, PA 19601
810-445-8451

McQuade WCF Freight Lines
MAP 1000 Genoa St. Reading, PA 19601
810-445-8451

Meadebrook Trucking
MAP 1000 Genoa St. Reading, PA 19601
810-682-1030

Meadebrook Trucking, Inc.
MAP 1000 Genoa St. Reading, PA 19601
810-288-0015

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Trucking General (Cont)			
Metrider Transportation, Inc. MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	Prime Transit Transportation MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	Shelton Trucking MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	Tony's Transport & Trucking MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140
Mid-Atlantic Express, Ltd. MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	Prolog Management Group MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	Small David Plumbing & Heating, Inc. MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	Union Control, Inc. MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140
Myers Transport Services MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	Prolog Management Group MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	Speckler, Inc. MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	Wespath Trucking MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140
National Retail Transportation MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	Prolog Management Group MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	St. Trucking & Excavating MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	Winters Walker E. Trucking MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140
New Penn Motor Express, Inc. MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	Randall Boyd Trucking MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	Stoney Creek Contractor Services MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	West Motor Freight, Inc. MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140
Orkney Building & Excavating MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	Richard L. Smith Trucking MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	Streamside Farms Trucking, Inc. MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	
Penn Tank Lines MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	Roadway Express, Inc. MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	Summers, Inc. Hauling Lester R. MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	
Penn Tank Lines, Inc. MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	Sanger Trucking MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	Sun Valley Transport MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	
Penn Valley Carriage MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	Sawyer Charles H. Trucking MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	T. E. Logistics MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	
Phantom John LLC MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140	Shapiro Transportation MAP 1100 E. 1st St. Reading, PA 19601 810-445-1140		

DOCUMENT REQUEST NO. 3

East Penn Railroad, LLC



Freight Tariff ESPN 8001

Cancels EPRY 8001

NAMING
RULES AND REGULATIONS
GOVERNING
THE
HANDLING OF CARS (LOADED AND EMPTY)
AND
OTHER SERVICES
ON THE
EAST PENN RAILROAD, LLC

This tariff applies on interstate traffic and intrastate traffic in the States of Pennsylvania and Delaware

NOTICE

The provisions herein will, if effective, not have a negative impact on the quality of the human environment.

For Governing Classifications, see Item 5

Issued: October 10, 2007

Effective: November 1, 2007

Issued By:
East Penn Railroad
505 South Broad Street
Kennett Square, PA 19348

CANCELLATION NOTICE

This tariff cancels FP EPRY S001 as of the effective date of this tariff. Provisions not carried forward from FP EPRY S001 are hereby cancelled.

METHOD OF ADDING, CHANGING OR DELETING ITEMS IN THIS TARIFF

Changes to this tariff will be made by issuing supplements. These supplements will show the action taken on each item, namely:

- ▲ Increase
- Change resulting in neither an increase nor a decrease
- ◆ No Change
- ▼ Decrease

There will be only one supplement to this tariff in effect at any time. Any item contained in a prior supplement that remains in effect will be brought forward to subsequent supplements.

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GENERAL RULES AND REGULATIONS

ITEM	APPLICATION
5	DESCRIPTION OF GOVERNING CLASSIFICATION This tariff is governed, except as otherwise provided herein, by Uniform Freight Classification UFC 6000 series, issued by the national Railroad Freight Committee, Agent, supplements thereto or reissues thereof.
10	STATION LIST AND CONDITIONS This tariff is governed by the Official Railroad Station List, OPSL 6000 series, to the extent shown below: <p style="text-align: center;">PREPAY REQUIREMENTS AND STATION CONDITIONS</p> For addition and abandonment of stations, and except as otherwise shown herein, for prepay requirements, changes in names of stations, restrictions as to acceptance or delivery of freight, and changes in station facilities. When a station is abandoned as of a date specified in the above named tariff, the rates from and to such station, as published in this tariff, are inapplicable on and after that date. <p style="text-align: center;">GEOGRAPHICAL LIST OF STATIONS</p> For geographical locations of stations referred to in this tariff by station number. <p style="text-align: center;">STATION NUMBERS</p> For the identification of stations when stations are shown or referred to by numbers in this tariff.
15	EXPLOSIVES, DANGEROUS ARTICLES For rules and regulations governing the transportation of explosives and other dangerous articles of freight, also specifications for shipping containers and restrictions governing the acceptance and transportation of explosives and other dangerous articles, see Bureau of Explosives Tariff BOE 6000-series.
20	REFERENCE TO TARIFFS, ITEMS, NOTES AND RULES Where reference is made in this tariff to tariffs, items, notes or rules, such references are continuous and include supplements to and successive issues of such tariffs and reissues of items, notes or rules
30	PERISHABLE FREIGHT For rates, rules and regulations governing the handling of perishable freight, see Perishable Protective Tariff PPT 619-series. ESPN shall not be required to provide protective service.
40	CONSECUTIVE NUMBERS Where consecutive numbers are represented in this tariff by the first and last numbers connected by the word "to" or a hyphen, they will be understood to include both the numbers shown.
45	CAPACITIES AND DIMENSIONS OF CARS For marked capacities, lengths, dimensions and cubical capacities of cars, see The Official Railway Equipment Register, RER 6413 series.

GENERAL RULES AND REGULATIONS

ITEM	APPLICATION
60	<p>NATIONAL SERVICE ORDER TARIFF</p> <p>This tariff is subject to the provisions of the various Surface Transportation Board Service Orders and General Permits as shown in National Service Order Tariff STB NSO 6100 series.</p>
70	<p>MILEAGE CHARGES ON PRIVATELY OWNED CARS</p> <p>ESPN will not pay mileage charges on privately owned cars when moving to, from or via stations on the ESPN.</p>
75	<p>DEMURRAGE</p> <p>Cars handled under the provisions of this tariff will also be subject to the demurrage provisions of ESPN 6004 series.</p>
80	<p>CHANGES IN OR ADDITION OF FIRMS OR INDUSTRIES</p> <p>Charges shown in this tariff apply to the physical locations or plant sites and are not affected by name changes or ownership changes of the occupants or property.</p>
90	<p>PAYMENT AND CREDIT TERMS</p> <p>If credit is extended to Applicant for the payment of transportation charges, Applicant agrees to pay such transportation charges within the following time periods:</p> <p>(a) Freight Charges - 15 Calendar days from the date of the freight bill.</p> <p>(b) Miscellaneous charges (e.g. demurrage, switching, weighing) - 30 calendar days from the date of the miscellaneous bill.</p> <p>(c) Additional charges for freight transportation and related services (e.g. balance due bills) - 30 calendar days from the date of bill for additional charges.</p> <p>NOTE: Errors discovered in bills by customers should be corrected by them and paid accordingly. Payment of all bills, including those corrected by customers, must be made within the credit period. Payment of bills alleged to be incorrect will not prejudice patron's claims, filed within the statutory period, for refund of overcharges. If customers receive bills that they feel they are not responsible for paying, they must notify the carrier within the credit terms that they are not responsible for paying the bills.</p> <p>Payment of an amount less than stated on a ESPN invoice will be considered as payment on account and not as payment in full, notwithstanding any notation to the contrary as payment on the payor's remittance. Acceptance by ESPN of the lesser amount will not constitute an accord and satisfaction. The payor will be advised of any remaining balance deemed due after application of the remitted funds.</p> <p>FINANCE CHARGES: The ESPN will assess a finance charge of .033% per day (12% per annum) on unpaid bills for freight and miscellaneous charges, including demurrage, switching and weighing, which are past our credit terms. The finance charge continues to accrue daily until the date payment is received by ESPN, not the date payment is made or the date postmarked on the payment.</p> <p>Customers with past due amounts will receive a finance charge invoice each month. Finance charges will be assessed on delinquent bills for freight or miscellaneous charges as of the end of the month reduced by amounts in dispute and any payments received by month end but not posted.</p>

GENERAL RULES AND REGULATIONS

ITEM	APPLICATION
100	<p>RECEIPT AND DELIVERY OF CARS OR FREIGHT ON, TO, OR FROM PRIVATE AND INDUSTRIAL TRACKS</p> <p>1. This tariff will be subject to the rules and charges governing receipt and delivery of freight on, to, or from private and industrial tracks as published in Tariff RPS-6804 series.</p> <p>2. The tariff does not grant the use of private sidings or facilities to parties other than the owners thereof, unless the privilege of use is granted to others by the owners, without cost to ESPN.</p>
205	<p>HOLIDAYS</p> <p>ESPN holidays are defined, for purposes of this tariff, as: New Year's Day, Presidents Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Day After Thanksgiving, Christmas Eve, and Christmas Day.</p>

GENERAL RULES AND REGULATIONS**ITEM****APPLICATION****SECTION 1 - SWITCHING****ITEM****APPLICATION**

300

DEFINITION OF TERMS

Industrial Tracks - A track serving a particular industry, whether located upon property owned by ESPN or upon property owned or leased by the industry.

Intra-Plant Switching - A switching movement from one track to another, or between two locations on the same track, within the confines of the same (single) plant or industry. Applies only on movements which can be completed wholly within the confines of the same siding, plant or industry.

Intra-Terminal Switching - A switching movement (other than intra-plant where specifically provided for) of traffic originated at or destined to points within the corporate limits of one station located on the ESPN.

Team Track - A track or tracks assigned by ESPN for use by the general public.

305

DEFINITION OF SWITCHING LIMITS

Except as otherwise provided herein, the switching limits of the ESPN will be defined as all stations and all customers served by the ESPN on the following line segments: Elsmere Jct, DE to Coatesville, PA; Chadds Ford, PA to Sylmar, MD; Bristol, PA.

310

HANDLING OF EMPTY CARS

Except as otherwise provided herein, switching charges published herein will apply on empty cars.

320

INTRA-PLANT SWITCHING

Between one point within an industrial plant and another point within the confines of the same industrial plant

\$158.00 per car

325

NON-APPLICATION OF INTRA-PLANT SWITCHING CHARGES

The intra-plant switching charges provided in this tariff will not apply when a car is moved back to the same location on the same track or to a different location on the same track (See NOTE). Such movement must occur as a result of pulling outbound carloads or empties previously unloaded, or placing inbound carloads for unloading or empties for loading.

NOTE.-Movement to a different location on the same track must be incidental to, and necessary in connection with removal or placement of other loaded or empty cars.

340

INTRA-TERMINAL

Between one point on the ESPN and another point on the ESPN.

\$158.00 per car

SECTION 2- SWITCHING CHARGES

ITEM	APPLICATION			
400	APPLICATION OF SWITCHING CHARGES			
	Switching charges in this tariff apply to all industries on the ESPN. The charges named herein (unless otherwise specified) will apply for the handling of loaded cars one direction and empty cars in the reverse direction. If cars are moved empty in both directions, then charges for a one-way movement will apply. If cars are moved empty in one direction and are not returned, they will be charged as if they are loaded and movement of other cars loaded will not be considered as offsetting oneway movement of empty cars. If cars are loaded in both directions, the applicable charge will be assessed for each loaded movement.			
405	ABSORBED RATES ONLY			
	Switching charges provided in this tariff apply on an absorbed basis only. All charges will be absorbed paid to ESPN by the line haul carrier(s). Charges in this tariff will not apply on a Rule 11 basis.			
410	DEFINITIONS			
	Switching - A movement of a car(s) from a plant or industry located on the ESPN to the point of interchange with connecting carriers or vice versa, on line-haul traffic.			
420	SWITCHING CHARGES: TO AND FROM ELSMERE JCT, DE			
	COMMODITY	STATION	CHARGES	NOTE
420.1	Grain, Grain Products, and Food Oil (STCC 01-xxx & STCC 20-xxx)	Avondale, PA Oxford, PA Nottingham, PA	\$368 per car \$618 per car \$672 per car	Applies on cars capable of legal movement at a maximum gross weight not exceeding 263,000 lbs.
420.2	Grain, Grain Products, and Food Oil (STCC 01-xxx & STCC 20-xxx)	Avondale, PA Oxford, PA Nottingham, PA	\$397 per car \$667 per car \$726 per car	Applies on cars capable of legal movement at a maximum gross weight exceeding 263,000 lbs.
420.3	Bakery Sweepings STCC 20-511-18	Avondale, PA	\$394 per car	Applies on cars capable of legal movement at a maximum gross weight not exceeding 263,000 lbs.
420.4	Bakery Sweepings STCC 20-511-18	Avondale, PA	\$426 per car	Applies on cars capable of legal movement at a maximum gross weight exceeding 263,000 lbs.
420.5	Railway Cars, empty, moved on own wheels	All	\$226 per car	
420.6	Perishable and Frozen Foods (STCC 01-xxx & STCC 20-xxx)	Toughkenamon, PA	\$609 per car	Applies on cars capable of legal movement at a maximum gross weight not exceeding 263,000 lbs.
420.7	Perishable and Frozen Foods (STCC 01-xxx & STCC 20-xxx)	Toughkenamon, PA	\$693 per car	Applies on cars capable of legal movement at a maximum gross weight exceeding 263,000 lbs.
420.8	Propane	West Grove, PA	\$815 per car	
420.9	Lumber & Building Products	Avondale, PA Oxford, PA	\$446 per car \$796 per car	Applies on cars capable of legal movement at a maximum gross weight not exceeding 263,000 lbs.
42.10	Lumber & Building Products	Avondale, PA Oxford, PA	\$482 per car \$860 per car	Applies on cars capable of legal movement at a maximum gross weight exceeding 263,000 lbs.
420.11	Lumber & Building Products	Oxford, PA (Originating in	\$608 per car	Applies on cars capable of legal movement at a maximum gross weight not exceeding 263,000 lbs.

SECTION 2- SWITCHING CHARGES

ITEM		APPLICATION		
		Claxton, GA or Belleville, GA ONLY)		
420.12	Lumber & Building Products	Oxford, PA (Originating in Claxton, GA or Belleville, GA ONLY)	\$657 per car	Applies on cars capable of legal movement at a maximum gross weight exceeding 263,000 lbs.
420.13	Gypsum or Gypsum Board	Oxford, PA	\$525 per car	Applies on cars capable of legal movement at a maximum gross weight not exceeding 263,000 lbs.
420.14	Gypsum or Gypsum Board	Oxford, PA	\$567 per car	Applies on cars capable of legal movement at a maximum gross weight exceeding 263,000 lbs.
420.15	Semi-finished Iron or Steel Products	Coatesville, PA	\$780 per car	Applies on cars capable of legal movement at a maximum gross weight not exceeding 263,000 lbs.
420.16	Semi-finished Iron or Steel Products	Coatesville, PA	\$842 per car	Applies on cars capable of legal movement at a maximum gross weight exceeding 263,000 lbs.
420.17	Semi-finished Iron or Steel Products	Coatesville, PA (Originating in Sparrows Point, MD ONLY)	\$525 per car	Applies on cars capable of legal movement at a maximum gross weight not exceeding 263,000 lbs.
420.18	Semi-finished Iron or Steel Products	Coatesville, PA (Originating in Sparrows Point, MD ONLY)	\$567 per car	Applies on cars capable of legal movement at a maximum gross weight exceeding 263,000 lbs.
420.19	Semi-finished Iron or Steel Products	Coatesville, PA (Terminating in TX ONLY)	\$543 per car	Applies on cars capable of legal movement at a maximum gross weight not exceeding 263,000 lbs.
420.20	Semi-finished Iron or Steel Products	Coatesville, PA (Terminating in TX ONLY)	\$587 per car	Applies on cars capable of legal movement at a maximum gross weight exceeding 263,000 lbs.
420.21	Scrap Iron or Steel	Coatesville, PA	\$637 per car	Applies on cars capable of legal movement at a maximum gross weight not exceeding 263,000 lbs.
420.22				
420.23	Scrap Iron or Steel	Coatesville, PA	\$688 per car	Applies on cars capable of legal movement at a maximum gross weight not exceeding 263,000 lbs.
420.24	Scrap Iron or Steel	Coatesville, PA (Originating in Detroit, MI ONLY)	\$455 per car	Applies on cars capable of legal movement at a maximum gross weight not exceeding 263,000 lbs.
420.25	Scrap Iron or Steel	Coatesville, PA (Originating in Detroit, MI ONLY)	\$491 per car	Applies on cars capable of legal movement at a maximum gross weight exceeding 263,000 lbs.
420.6	Peat Moss	All Stations	\$450 per car	
430	SWITCHING CHARGES TO AND FROM: BRISTOL, PA			
	COMMODITY	STATION	CHARGES	NOTE
430.1	Paper and Lumber	Bristol, PA	\$210 per car	Boxcars not exceeding 5600 cu ft.

ISSUED: October 10, 2007

EFFECTIVE: November 1, 2007

ISSUED BY: East Penn Railroad LLC, 505 South Broad Street, Kennett Square, PA 19348

SECTION 2- SWITCHING CHARGES

ITEM	APPLICATION			
430.2	Paper and Lumber	Bristol, PA	\$265 per car	Boxcars exceeding 5600 cuft.
430.3	Gypsum	Bristol, PA	\$261 per car	Boxcars not exceeding 5600 cuft.
430.4	Gypsum	Bristol, PA	\$313 per car	Boxcars exceeding 5600 cuft.
430.5	Petroleum Products	Bristol, PA	\$479 per car	
450	CHARGES FOR HANDLING PRIVATELY OWNED RAILWAY PASSENGER CARS, CABOOSSES, OR LOCOMOTIVES The ESPN will move privately owned railway passenger cars, at a charge of \$500.00 per car. This charge will apply on intra-terminal and intra-plant switch movements. When delivered to a connecting carrier for road-haul movement this charge will be in addition to the road-haul charges.			
460	CHARGES FOR SPECIAL TYPES OF HEAVY CAPACITY FLAT CARS Switching charges in this tariff do not apply for movement on flat cars bearing mechanical designations "FD", "FG" or "FW" of any capacity, and cars of designation "FM" of 151,000 lbs. and over nominal capacity, as named in The Official Railway Equipment Register and reissues thereof. Contact ESPN for charges to apply to said movement.			

SECTION 3 – MISCELLANEOUS CHARGES**ITEM****APPLICATION**

500

SPECIAL MOVEMENTS

Except as otherwise provided and upon specific request of the shipper or consignee, carloads may be handled in special (not regular) service (See NOTF 1).

The charge for this special service when requiring the assignment of an additional crew will be \$2,000 for up to eight (8) hours and \$250 per hour or fraction thereof for each additional hour not to exceed twelve (12) hours. The special service charge as shown herein for each crew used, will be in addition to any applicable haulage or switching charges. Charges will be assessed against the party requesting the service.

NOTE 1.-Special (not regular) service is defined as:

(a) Service accorded shipments which cannot be handled in regular train operations because of excess weight, height, width or length and which necessitates handling in a special train.

OR

(b) By specific instructions by consignor or consignee.

SECTION 3 – MISCELLANEOUS CHARGES

ITEM	APPLICATION
505	<p>STANDBY SWITCH ENGINE SERVICE</p> <p>Standby switch engine service will be provided upon reasonable advance request to facilitate completion of multiple car shipments. To the extent that the services of a locomotive and crew are required beyond the normal day or time to spot empty cars and pull loads, ESPN will furnish a locomotive and crew at a charge of \$590.00 per hour or portion thereof, or \$900 per hour or portion thereof (Holidays only), subject to a maximum permissible time on duty of twelve (12) hours. Charges will be assessed against the party requesting the special switching service and will be in addition to otherwise applicable charges.</p>
510	<p>TURNING OF CARS TO PERMIT UNLOADING</p> <ol style="list-style-type: none"> 1. In instances where it is desired that freight in carloads be placed on industrial or team tracks for loading or unloading from one particular side or end of the car, cars must be properly placarded on both sides, and notation made on the Bill of Lading and waybill substantially as follows: <p style="text-align: center;">NOTICE TO CARRIER</p> <p style="text-align: center;">“Deliver car for loading or unloading from the door or end specified by placard.”</p> 2. When freight in carloads is properly placarded on both sides of the car to load or unload from one particular side or end of the car, and customer directs ESPN to turn the car so that loading or unloading can be done from the other side or end of the car, a charge of \$350.00 per car shall apply, in addition to all other lawful charges. 3. If the Bill of Lading carries notation that the car has been placarded, and the placard has disappeared before placement, a charge of \$250.00 will apply if the customer requests that the car be turned. 4. If the car must be sent to another railroad to accomplish turning, the charges of the other railroad will be in addition to the charges contained in this item.
515	<p>CLOSING DOORS</p> <p>When it is necessary for ESPN to close doors, hatches, gates or secure tie down devices on cars, a charge of \$200.00 per car side will be assessed against the customer releasing said car. Cars will not be moved by ESPN unless all doors, hatches, gates and tie-down devices are secured.</p>
520	<p>OVERLOAD CHARGES</p> <ol style="list-style-type: none"> 1. Cars found to be overloaded while on the tracks of ESPN and returned to the shipper or to another point for adjusting the load will be subject to ESPN demurrage rules and charges and will be subject to an additional charge of \$500.00. 2. Cars interchanged from ESPN to another carrier which are returned to ESPN because such cars are overloaded will be subject to demurrage rules and charges of this tariff, and will be subject to an additional charge of \$300.00 per car. 3. No demurrage free time will be allowed.

SECTION 3 – MISCELLANEOUS CHARGES**ITEM****APPLICATION**

550

DIVERSION OR RECONSIGNMENT

Diversion or reconsignment means any one or more of the following:

1. Change in the name of consignee
2. Change in the name of consignor
3. Change in the destination
4. Any other instruction given by consignee, consignor, or owner affecting delivery and requiring and addition to or a change in billing (except orders received prior to arrival on or departure from ESPN), and additional movement of the car, or both.

Except as otherwise provided herein, the term "destination" as used in these rules means the billed destination consisting of the Station and the Track of the Consignee.

CHARGES:

When an order is placed with ESPN by consignee, consignor, or owner that modifies any of the terms of shipment listed above in this item, the following charges will apply:

1. If order is received after arrival of the car at ESPN, Intra-Plant or Intra-Terminal switch charges will apply as specified in items 320 thru 340.
2. If order is received prior to arrival of car on ESPN or departure from the origin ESPN station, diversion and reconsignment charges will not apply.

Cars stopped, diverted or reconsigned under terms of this item are subject to demurrage provisions of tariff ESPN 6004 series.

560

"SHIPMENT TO ORDER", "ORDER NOTIFY" OR "STRAIGHT BILL OF LADING" REQUIRING SURRENDER OF BILL OF LADING OR WRITTEN ORDER

1. When the original Bill of Lading or written order covering a shipment described above is not available, the property may be delivered in advance of the surrender of the Bill of Lading or written order, as the case may require, under the provisions of Rule 7 of the UFC.
2. If a Bill of Lading is tendered after 7:00 am of the day following loading, a charge of \$50.00 per car will apply.
3. When Order Bills of Lading or written orders are received prior to arrival of car on ESPN, there will be no charge. Order Bills of Lading or written orders received after arrival of cars on ESPN will be assessed a charge of \$50.00 per car.
4. Cars held awaiting instructions under terms of this item will be subject to demurrage provisions of this tariff. Demurrage charges will accrue against the party issuing instructions.

SECTION 3 – MISCELLANEOUS CHARGES

ITEM	APPLICATION
570	<p>IMPROPER OR INSUFFICIENT BILLING TO DELIVER CAR</p> <p>When a car is received in interchange by ESPN with insufficient billing information to enable ESPN to place the car at the correct customer, including, but not limited to: no customer specified, no address specified for customers with multiple addresses, or incorrect customer location, a charge of \$350.00 per car will apply, chargeable to the party issuing the billing instructions. If ESPN does not receive correct billing or delivery instructions on a car within three (3) days after the car interchanged to ESPN, an additional charge of \$100.00 per car per day will be assessed."</p> <p>Cars covered by this item will not be subject to demurrage during the time ESPN is awaiting billing or delivery instructions.</p> <p>Cars covered by this item will not be subject to item 320 INTRA-PLANT SWITCHING or item 340 INTRA-TERMINAL SWITCHING, until such time as cars is delivered to customer.</p> <p>This item will not apply to cars handled under item 560 - SHIPMENT TO ORDER", "ORDER NOTIFY" OR "STRAIGHT BILL OF LADING" REQUIRING SURRENDER OF BILL OF LADING OR WRITTEN ORDER.</p>
580	<p>EMPTY CARS ORDERED AND NOT USED</p> <p>If ESPN receives an order for empty cars, and such order is canceled by the ordering party after such empty car is dispatched in an ESPN train to a shipper, a charge of \$200.00 per car will be assessed.</p>
590	<p>LEASE OF RAILROAD TRACKS FOR STORAGE</p> <p>Tracks of ESPN may be leased to shippers, receivers or private car owners, subject to availability, pursuant to terms and conditions of special agreements. In absence of such agreements, the charge is \$40.00 per car per day (or portion thereof), subject to a minimum charge of \$200.00 per car.</p> <p>Request for lease of tracks for storage must be received in writing by ESPN, stating the amount of track or number of car spots requested and the estimated duration of the storage.</p> <p>Cars placed in storage must be privately owned or free of car hire. Cars held on storage tracks will not be subject to demurrage.</p> <p>Switching of cars to and from storage will apply, as provided in this tariff.</p>

EXPLANATION OF ABBREVIATIONS AND REFERENCE MARKS

AAR	Association of American Railroads
ESPN	East Penn Railroad, I.L.C.
CSXT	CSX Transportation
NSO	National Service Order, Western Trunk Line Committee, Agent
OPSL	Official List of Open and Prepay Stations, Station List Publishing Company, Agent
RER	The Official Railway Equipment Register, R.F.R. Publishing Company, Agent
RPS	Railroad Publication Services, Agent
STB	Surface Transportation Board
STCC	Standard Transportation Commodity Code
UFC	Uniform Freight Classification, Uniform Freight Classification Committee, Agent
▲	Increase
●	Changes resulting in neither an increase nor a decrease
◆	No Change
▼	Reductions

EAST PENN RAILROAD, LLC.



SUPPLEMENT 1
TO

FREIGHT TARIFF ESPN 8001

NAMING
ADDITIONAL STATIONS
AND
ADDITIONAL SWITCHING CHARGES
ON
EAST PENN RAILROAD, LLC.

Governed, except as otherwise provided here, by Uniform Freight Classification. (See Item 5.)

Except as otherwise specifically provided, this tariff is also applicable on INTRASTATE
TRAFFIC in the state of PENNSYLVANIA.

ISSUED: January 8, 2008

EFFECTIVE: January 9, 2008

ISSUED BY

East Penn Railroad, LLC.
505 South Broad Street
Kennett Square, PA 19348
(610) 925-0131

GEOGRAPHICAL LIST OF LINES & STATIONS ON
EAST PENN RAILWAYS, INC. AT WHICH RATES AND CHARGES APPLY

QUAKERTOWN LINE

STATION NAME	OSPL STATION NUMBER
Telford, PA (Connection with CSXT)	400
Perkasie, PA	410
Rock Hill (Bucks Co.), PA	415
Quakertown, PA	420

WILMINGTON & NORTHERN (W&N) LINE

STATION NAME	OSPL STATION NUMBER
Coatesville, PA (Connections with BVRV & NS)	260
South Modena, PA	255
Embreeville, PA	250
Northbrook, PA	245
Lenape, PA	240
Pocopson, PA	235
Montchanin, DE	230
Greenville, DE	225
Silverbrook, DE	205
Elsmere Junction, DE (Connection with CSX)	200
Wilmington, DE (Connection with NS)	190

RATE TABLE 1: FREIGHT, ALL KINDS

Item	Commodities	To and From:	And (except as noted)	Rate
420.5	Railway Cars, empty, moved on own wheels	Elsmere Jet (CSXT)	All Stations on Octoraro, W&N Line	\$500
440.1	Railway Cars, empty, moved on own wheels	Telford (CSXT)	All Stations on Quakertown Line	\$158

EAST PENN RAILROAD, LLC.



SUPPLEMENT 2
TO

FREIGHT TARIFF ESPN 8001

NAMING
SWITCHING CHARGES
ON
EAST PENN RAILROAD, LLC.

Governed, except as otherwise provided here, by Uniform Freight Classification. (Item 5 Series)

(The provisions published herein, if effective, will not result in an effect on the quality of the human environment)

Except as otherwise specifically provided, this tariff is also applicable on INTRASTATE
TRAFFIC in the state of PENNSYLVANIA.

ISSUED: February 22, 2008

EFFECTIVE: March 15, 2008

ISSUED BY

East Penn Railroad, LLC.
505 South Broad Street
Kennett Square, PA 19348
(610) 925-0131

The following Items and charges have been corrected, modified, and or increased. Rates to and from Coatesville, PA have been modified to reflect the full absorption by ESPN of the increased switching charges outlined in Tariff BVRV 8500-G, Effective March 1, 2008. Rates, charges, and notations relating to these Items in previous ESPN tariffs and supplements are hereby superseded and replaced as follows:

SWITCHING CHARGES TO AND FROM ELSMERE JCT, DE				
ITEM	COMMODITY	STATION	CHARGES	NOTE
420.15	Plate, Iron or Steel	Coatesville, PA	\$780 per car	Applies on cars capable of legal movement at a maximum gross weight not exceeding 263,000 lbs.
420.16	Plate, Iron or Steel	Coatesville, PA	\$842 per car	Applies on cars capable of legal movement at a maximum gross weight exceeding 263,000 lbs.
420.17	Semi-finished Iron or Steel Products	Coatesville, PA (Originating in Sparrows Point, MD ONLY)	\$535 per car	Applies on cars capable of legal movement at a maximum gross weight not exceeding 263,000 lbs.
420.18	Semi-finished Iron or Steel Products	Coatesville, PA (Originating in Sparrows Point, MD ONLY)	\$577 per car	Applies on cars capable of legal movement at a maximum gross weight exceeding 263,000 lbs.
420.19	Plate, Iron or Steel	Coatesville, PA (Terminating in TX ONLY)	\$580 per car	Applies on cars capable of legal movement at a maximum gross weight not exceeding 263,000 lbs.
420.20	Plate, Iron or Steel	Coatesville, PA (Terminating in TX ONLY)	\$627 per car	Applies on cars capable of legal movement at a maximum gross weight exceeding 263,000 lbs.
420.21	Scrap, Iron or Steel	Coatesville, PA	\$647 per car	Applies on cars capable of legal movement at a maximum gross weight not exceeding 263,000 lbs.
420.23	Scrap, Iron or Steel	Coatesville, PA	\$698 per car	Applies on cars capable of legal movement at a maximum gross weight exceeding 263,000 lbs.
420.24	Scrap, Iron or Steel	Coatesville, PA (Originating in Detroit, MI ONLY)	\$470 per car	Applies on cars capable of legal movement at a maximum gross weight not exceeding 263,000 lbs.
420.25	Scrap, Iron or Steel	Coatesville, PA (Originating in Detroit, MI ONLY)	\$506 per car	Applies on cars capable of legal movement at a maximum gross weight exceeding 263,000 lbs.

EAST PENN RAILROAD, LLC.



SUPPLEMENT 3
TO

FREIGHT TARIFF ESPN 8001

NAMING
SWITCHING CHARGES
ON
EAST PENN RAILROAD, LLC.

Governed, except as otherwise provided here, by Uniform Freight Classification. (Item 5 Series)

(The provisions published herein, if effective, will not result in an effect on the quality of the human environment)

Except as otherwise specifically provided, this tariff is also applicable on INTRASTATE
TRAFFIC in the state of PENNSYLVANIA.

ISSUED: April 10, 2008

EFFECTIVE: May 1, 2008

ISSUED BY

East Penn Railroad, LLC.
505 South Broad Street
Kennett Square, PA 19348
(610) 925-0131

The following Items and charges have been added, corrected, modified, and or increased. Rates, charges, and notations relating to these Items in previous ESPN tariffs and Supplements are hereby superseded and replaced as follows:

SWITCHING CHARGES TO AND FROM ELSMERE JCT, DE				
ITEM	COMMODITY	STATION	CHARGES	NOTE
420.24	Scrap, Iron or Steel	Coatesville, PA (Originating in Detroit, MI or Buffalo, NY ONLY)	\$470 per car	Applies on cars capable of legal movement at a maximum gross weight not exceeding 263,000 lbs.
420.25	Scrap, Iron or Steel	Coatesville, PA (Originating in Detroit, MI or Buffalo, NY ONLY)	\$506 per car	Applies on cars capable of legal movement at a maximum gross weight exceeding 263,000 lbs.
420.60	Peat Moss, Baled Straw	Kennett Square, Avondale, and Oxford, PA	\$450 per car	Applies in Shipper Owned or Leased boxcars in excess of 60 feet.
420.11	Lumber & Building Products	Oxford, PA (Originating in GA, VA, NC and SC ONLY)	\$608 per car	Applies on cars capable of legal movement at a maximum gross weight not exceeding 263,000 lbs.
420.12	Lumber & Building Products	Oxford, PA (Originating in GA, VA, NC and SC ONLY)	\$657 per car	Applies on cars capable of legal movement at a maximum gross weight exceeding 263,000 lbs.
420.80	Ethanol	Avondale, PA	\$325 per car	Applies in Shipper Owned or Leased tank cars, not exceeding 61 feet in length.
420.85	Corn Meal	Nottingham, PA	\$772 per car	Applies in Shipper Owned or Leased covered hopper cars capable of legal movement at a maximum gross weight not exceeding 263,000 lbs.
420.86	Corn Meal	Nottingham, PA	\$826 per car	Applies in Shipper Owned or Leased covered hopper cars capable of legal movement at a maximum gross weight exceeding 263,000 lbs.

EAST PENN RAILROAD, LLC.



SUPPLEMENT 4
TO

FREIGHT TARIFF ESPN 8001

NAMING
SWITCHING CHARGES
ON
EAST PENN RAILROAD, LLC.

Governed, except as otherwise provided here, by Uniform Freight Classification. (Item 5 Series)

(The provisions published herein, if effective, will not result in an effect on the quality of the human environment)

Except as otherwise specifically provided, this tariff is also applicable on INTRASTATE
TRAFFIC in the state of PENNSYLVANIA.

ISSUED: June 1, 2008

EFFECTIVE: June 1, 2008

ISSUED BY

East Penn Railroad, LLC.
505 South Broad Street
Kennett Square, PA 19348
(610) 925-0131

The following Items and charges have been added, corrected, modified, and or increased. Rates, charges, and notations relating to these Items in previous ESPN tariffs and Supplements are hereby superseded and replaced as follows:

SWITCHING CHARGES TO AND FROM BRISTOL, PA				
ITEM	COMMODITY	STATION	CHARGES	NOTE
430.30	All Other Commodities	Bristol, PA	\$261 per car	Applies in boxcars not exceeding 5600 cuft.
430.40	All Other Commodities	Bristol, PA	\$313 per car	Applies in boxcars exceeding 5600 cuft.

SWITCHING CHARGES TO AND FROM ELSMERE JCT, DE				
ITEM	COMMODITY	STATION	CHARGES	NOTE
420.80	Propane or Butane	West Grove, PA Pocopson, PA	\$815 per car \$400 per car	

DOCUMENT REQUEST NO. 5

the
TIE YARD
OF OMAHA

8202 "F" Street • Omaha, NE 68127

July 18, 2008

Mr. Robert Parker

East Penn Railroad, LLC

505 South Broad Street

Kennett Square, PA 19348

RE: Colebrookdale Line Abandonment

Mr. Parker

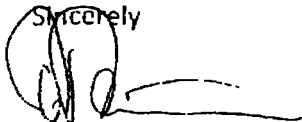
Per your invitation to bid, we offer the following for purchase and removal of your abandoned trackage between Pottstown and Boyertown, PA:

Net Payable to ESPN

\$1,082,000.00

Thank you for the opportunity to bid on this project. Please feel free to call me if you have any questions.

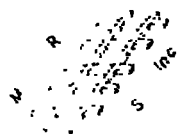
Sincerely



Terry Peterson

President

DOCUMENT REQUEST NO. 6



Mechanical Rail Solutions, Inc.

Locomotive and Freight Car Maintenance Specialists

700 Lake Street, # 20
Boynton Beach, FL 33435
PH: 561 436 0083
Fax: 806 737 1829
Email: Jim.Wagner@mechrail.com
Web: www.mechrail.com

July 9, 2007

Mr. Robert Parker
President
Regional Rail, LLC
2371 Alton St.
Denver, CO 80238

Re: Estimated ranges for valuation of the locomotives on the Eastern Penn Railroad

Dear Bob,

I apologize for the delay in providing this portion of the report to you. I had mistakenly omitted it when I completed the earlier portion of the report and then got further delayed due to eye surgeries on both eyes.

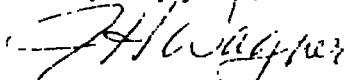
The valuation ranges that follow are based on the current interest levels for the various types of locomotives on the EPRR and are compiled from a couple of sources.

You should use this data with caution and please remember that it is my estimate based on the sources I used which may not accurately reflect any recent changes the market may be experiencing.

It should also be remembered that the ranges quoted take into consideration the conditions noted at the time of the inspections and the conditions seen during the inspections.

I will be happy to discuss any portion of the report if needed.

Very truly yours,


James H. Wagner
President

Attachment: Locomotive Valuation

PENN EASTERN LINES RAILROAD

LOCOMOTIVE VALUATIONS

JULY 2007

Initials	Number	Builder	Model	Build Date	Range (000's)
EPRY	44	GE	50 Ton	12/1951	80 -125
EPRY	52	FMD	SW 900 M	1/1937	
PRL	81	EMD	NW 2	10/1948	
PRL-3 ⁽¹⁾	2202	EMD	GP 10	10/1956	
PRL	2202	GE	U 23 B	1/1977	80 -125
PRL	2204	GE	U 23 B	6/1977	
PRL	2006	GE	U 23 B	6/1977	
EPRY	3153	GE	B 23 7	1/1978	
EPRY	5114	GE	B 23 7	1/1980	
EPRY	7554	EMD	GP 10	1/1956	
EPRY	7811	GE	B 30 7	3/1978	
EPRY ⁽²⁾	7836	GE	B 30 7	3/1979	
EPRY	7874	GE	B 30 7	1/1979	
EPRY	9008	EMD	NW 2	1/1947	

Notes:

- (1) Two units with the same number, FMD GP 10 is identified as 2002 (2) on the locomotive data inspection sheets
- (2) EPRY 7836 is not in service and is identified as a "spare parts unit" on the locomotive data inspection sheets

LOCOMOTIVE INSPECTION RECORD

UNIT NO. 52

PAGE 1 OF 3

OWNER/LESSOR EPRR		LESSEE N/A	
ROAD NO 52	LOCOMOTIVE MODEL SW 900 M	DATE BUILT 1937	
BUILDER EMD	REMANUFACTURED BY N/A		
DATE N/A	SERIAL NO. N/A	DATE INSPECTED 6/1/07	
LOCATION Boyertown		INSPECTOR J Wagner	
ENGINE TYPE 8 - 567 - B		SERIAL NO 55 - J 24	
HORSEPOWER. 900 CONDITION: General overall is Good, NOT Equipped with spark arrestor manifolds			
TURBO. N/A		SERIAL NO N/A	CONDITION N/A
DIFFUSER CONDITION N/A			
TRACTION ALTERNATOR/GENERATOR TYPE D - 15 - C			SERIAL NO N/A
CONDITION Good			
AUXILIARY GENERATOR TYPE 10 Kw			SERIAL NO. N/A
EXCITER TYPE N/A			SERIAL NO N/A
CONDITIONS Good			
TRUCK TYPE Roller Bearing		GEAR RATIO 62 15	
#1 N/A		#2 N/A	
CONDITION Good			
WHEELS. (Rim)	R/L #1 2 1/2"	R/L #2 2 1/2 1/8"	R/L #3 2 3/16 1/2"
	R/L #4. 2 1/16 1/2"	#5 N/A	#6 N/A
TRACTION	#1. N/A	#2. N/A	#3 N/A
MOTORS.	#4 N/A	#5 N/A	#6 N/A
CONDITION Wheels good, trucks good, Traction Motors good, Journal boxes good			
AIR COMPRESSOR 3 cyl WXO Lo Base		CONDITION: Fair	
AIR EQUIPMENT 26 NL / 6 ET		CONDITION. Good	
RADIATOR	NO 1	CONDITION GOOD	
COOLING FANS			
GRID FANS	NO N/A	CONDITION N/A	

GRID HATCH & GRIDS N/A

BATTERIES

YES

NO X

BROKEN. No visible
cracks or leaks

ELECTRICAL CABINETS all covers on

CONDITION GOOD

CAB CONDITION:

Fair

GLASS NOT Equipped with

FRA approved glazing

SEATS. 1, no with arm rests A second

seat is NOT permanently mounted

CONTROL STAND Standard, original

CONDITION Good Reverser safety lock is
defective

FLOOR good condition

SPEED RECORDER Yes

HORN Equipped

BELL Equipped

FUEL TANK. No

leaks

GALLONS 900

CONDITION Good, No loose mounting bolts

CARBODY CONDITION / OVERALL APPEARANCE Fair

PLOW EQUIPPED.

FRONT No

REAR No

HEADLIGHTS

FRONT. Yes

REAR Yes

WARNING LIGHT: No Ditch lights on front or rear

OTHER EQUIPMENT: None

GENERAL OVERALL CONDITION Fair - Unit operating under two (2) Waivers on cab Blue
Card #1 L1 - 80 - 5, #2 RSGM - 80 - 28

INSPECTION DATES

92 DAY 2/17/07

368 DAY 8/25/06

736 DAY 2/26/07

LAST PERIODIC

11/21/06

OUT OF SERVICE

NONE LISTED

DEFECTS.

FRA

1) Fly Wheel cover off on Fireman side

2) General clean up of oil and debris in Air Compressor compartment

3) No FRA glazing

4) Rear coupler carrier bolts loose

5) Engineer rear lower window glass is cracked

6) Throttle safety latch is defective (Operates without reverser installed)

7) Right # 2 trailing brake hanger bolts loose

8) Unit appears to be overdue Federal 92 day inspection from 5/19/06 to date of inspection 6/01

9) Front windsheet exceeds maximum allowable height above rail on both corners

PAGE 3 OF 3 LOCOMOTIVE NO.: 52

10)

11)

12)

DEFECTS MAINTENANCE

1) Unit is not equipped with spark arrestor manifolds

2)

3)

EAST PENN RAILROAD LLC

Depreciation Expense Report

As of June 30, 2008

Book - Internal

FYE Month - December

Sys No	In Svc Ext Date	Acquired Value	P Depr T Meth	Est Life	Salv / 158(*) Sec 179	Depreciable Basis	Pror Thru	Prior Accum Depreciation	Depreciation This Rtn	Current YTD Depreciation	Current Accum Depreciation	Key Code
Class = L								0.00	0.00	0.00	0.00	
Less disposals and transfers								0.00			0.00	
Count = 1												
Net Subtotal								0.00	0.00	0.00	0.00	
Count = 8												

Class = LO

000017	GE 50 TON											
	000 08/28/07											
000018	EMD SW 900 W	47,108.00	P SLMM	15.00	0.00	47,108.00		1,046.85	2,617.11	1,570.26	2,617.11	
	000 08/28/07											
000019	EMD NW 2											
	000 08/28/07											
000020	EMD GP 10											
	000 08/28/07											
000021	GE U 23 B											
	000 08/28/07											
000022	GE U 23 B											
	000 08/28/07											
000023	GE U 23 B											
	000 08/28/07											
000024	GE B 23 7											
	000 08/28/07											
000025	GE B 23 7											
	000 08/28/07											
000026	EMD GP 10											
	000 08/28/07											
000027	GE B 30 7											
	000 08/28/07											
000028	GE B 30 7											
	000 08/28/07											
000029	GE B 30 7											
	000 08/28/07											
000030	EMD NW 2											
	000 08/28/07											
000053	LOCOMOTIVES											
	000 12/31/07											
000059	LOCOMOTIVE											
	000 10/27/07											
000062	LOCO PRL 57 HGT ST											
	000 02/27/09											
000063	LOCO 2204 MFR COMP											
	000 03/05/09											
Class = LO												
Less disposals and transfers												
Count = 0												
Net Subtotal												
Count = 18												

Class = T

July 9, 2008 11:09 AM

Page 3

DOCUMENT REQUEST NO. 7

East Penn Railroad LLC

Colebrookdale Line Abandonment Petition

Net Liquidation Value Of The Line

8.6 Track Miles of Mainline

(Includes .5 miles of siding and yard tracks)

Rail and Other Track Materials, Cross and Switch Ties

Net Salvage Value

\$ 1,082,000

	Number	Average Value Per Acre	Total \$ Value
Acres held in fee	64		
Less: 5% Unmarketable or Other Issues	60.8	\$ 18,821.00	\$ 1,144,317
Selling Costs		-13%	(148,761)
Net Real Estate Value			\$ 995,556

Net Liquidation Value

\$ 2,077,556

the
TIE YARD
OF OMAHA

8202 "F" Street • Omaha, NE 68127

July 18, 2008

Mr. Robert Parker

East Penn Railroad, LLC

505 South Broad Street

Kennett Square, PA 19348

RE: Colebrookdale Line Abandonment

Mr. Parker

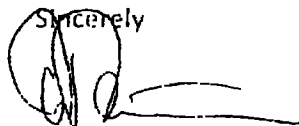
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Net Payable to ESPN

\$1,082,000.00

Thank you for the opportunity to bid on this project. Please feel free to call me if you have any questions.

Sincerely



Terry Peterson

President